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Beijing Today interviewed 35 senior managers from 35 multinationals operating in China that made the 2006 Fortune Global 500 list. The managers share their China strategies, management concepts and skills, and even their likes and dislikes.

Fortune Global 500 in China 2006

北京青年报
BEIJING YOUTH DAILY

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From September 2006 to February 2007, *Beijing Today* interviewed 35 senior managers from 35 multinational companies operating in China which made the 2006 Fortune Global 500 list. Over 20 industries, including automobile, banking, insurance, food, mail, trading, construction, chemical, infrastructure and IT consulting, are included.

The topics discussed by senior managers talked include 2006 business performance, future plans, management concepts and their responsibilities and difficulties in China.

CFP Photo

'China Strategy', responsibility and cooperation

The development trends of Fortune Global 500 companies in China

By Hou Mingxin

Since China joined the WTO in 2001, its GDP has been rising at a high speed of 9 to 10 percent annually for six consecutive years. Its robust growth has rocketed the country to the world's fourth largest economy, which provides huge economic opportunities not only for domestic enterprises, but also for international ones.

After investigating, *Beijing Today* found the following to report about these companies' business activities in China.

'China strategy' is getting top priority

Since joining the WTO, China has strictly adhered to its WTO commitments and made remarkable achievements. According to Ministry of Commerce (MOC) statistics, from 2001 to 2005, China absorbed US$286.1 billion of overseas capital, which accounts for 45 percent of the total overseas investment absorbed from 1978 to 2005. In 2005 alone, US$72.4 billion of overseas capital was invested in China. China has been one of the hottest investment destinations.

In order to keep peace with the economy's fast growth, most Fortune Global 500 companies have changed or adjusted their strategies; the 'China Strategy' is being given top priority in most international companies.

Most interviewees said the Chinese market is getting more and more important for their companies' global strategy, and they said that they will step up their investment in the future.

Hitachi China put forward some new strategies at the end of 2006 in order to increase its sales volume to US$12 billion and increase its transactions value – including sales in and exports from China – to US$13 billion by 2010, Minoru Tsukada, senior vice president and executive officer of Hitachi Ltd and CEO for China, said.

Under the new strategies, Hitachi China will try to become the number one division of Hitachi group, contribute to technological innovation and realize localization in the Chinese market by the end of 2010. During the period between 2001 and 2006, the company planed to make back the US$1 billion it had invested.

For some Fortune 500 companies, China has been one of their largest manufacturing bases.

Take ALSTOM as an example. Presently, power generator orders from the Chinese market account for 80 percent of the French company's global orders, according to Alain F Berger, president of ALSTOM (China) Ltd.

"This means our technology and products will be mainly used in China. It is clear that products and technology that are made in China will better adapt to the Chinese market. Meanwhile, if we are to maintain a leading position in this industry, we must first gain a leading position in China. The market is always the primary factor in our decision-making," Berger said.

Lafarge is another example. For the company, China is not only a huge market but an irreplaceable global center. Half of the group's cement was produced in China, which has surpassed the US to become Lafarge's biggest cement producer and accounts for up 50 percent of Lafarge's business. China is already one of the largest markets for the company's cement business and the country is helping its business in the rest of the group.

For American company Emerson, since fiscal year 2002 China has been its second largest market next to the US, Peter Yam, president of Emerson Greater China, said.

The company will continue to increase engineering capabilities in China. "We established two new centers in 2006. One is located in Xi'an and the other in Nanjing. These centers help us better understand and respond to customers' needs, and to come out with the right solutions and products for our customers," Yam said.

Diversified industries

Before 2001, overseas capital was mainly invested in China's manufacturing industry. With China's joining WTO, more industries have been opened to foreign companies. In the last five years, besides manufacturing, other industries like banking, insurance, service and tourism have absorbed foreign investment. In other words, the industries absorbing oversea capital are gaining diversity.

MOC statistics show that US$12 billion in overseas capital went into the service sector in 2001, accounting for 25.6 percent of the total overseas capital absorbed in China. In 2005, US$27 billion in overseas capital was invested in the service sector, accounting for 37.3 percent.

By the end of 2005, 72 banks from 21 countries had opened a total of 254 locations in China. Last year, nine foreign banks were approved to operate RMB business in China.

The State Bank of India (SBI), the largest commercial bank in India and a newcomer to the Fortune 500 list in 2006, opened its Shanghai Branch last year, starting a new era of commercial operations between the two Asian giants.

"We are the first bank from India to have started commercial banking operations in China. No Chinese banks operate in India," TCA Ranganathan, the current CEO of SBI Shanghai Branch, said.

"We started commercial operations in April 2006. We are therefore in the process of 'settling down.' We'll certainly want to expand our presence in China, and we will do so in due time. Beijing, being the nation's capital, would certainly be an important destination," Ranganathan said.

In July 2003, foreign companies were allowed to control or solely own travel agencies in China. In November 2003, TUI, the world's leading tourism group, officially opened its China Travel Co Ltd, the first joint venture in the Chinese travel industry with a majority foreign share. "We have been waiting for this opportunity for a long time," Marcel Schneider, CEO of TUI China, said.

TUI China developed quickly with growth rates exceeding 12 percent each year. In 2006 TUI China grew by 60 percent over 2005.

In trading industries like retail and food service, some well-know brands have entered and expanded their business quickly. In 2005, a total of US$1.1 billion was invested in these industries.

McDonald's is a typical example. Since the opening of the first McDonald's restaurant in Shenzhen in 1990, a total of 780 restaurants have opened across the country.

Carrefour has also had success in China. Jean-Luc Chereau, Carrefour China's president, has lived in China for seven years, devoting all his time to caring for the Carrefour empire.

During his stay in the country, the number of Carrefour hypermarkets has increased from 17 to 85, plus 242 discount stores.

After opening the new hypermarket in Beijing's Tongzhou District on October 28 during French President Jacques Chirac's visit, Chereau brought Jose Luis Duran, Carrefour Group CEO, from Paris to Harbin in northeast China to launch the 86th hypermarket.

"We plan to open 20 stores, including hypermarkets, each year in China," Chereau told *Beijing Today*, even though he knows fully the difficulties and pressures that come with each.

METRO also has ambitions to expand in China: to open 6 to 10 new cash and carry stores per year. In November 2006, the group declared the opening of its second store in Beijing, only three months after opening its first Beijing store. The time gap between the two stores' openings is so small that it is a record in METRO's 10 years' presence in China.

In order to maintain leading positions in their industries, some companies have also invested a large amount of capital in R&D and service centers in China.

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'China Strategy,' responsibility and cooperation

(Continued from Page 2)

Electrolux China CEO Chialing Hsueh said that as the Chinese home appliances market is one of the largest and most important in the world, and has enormous potential, the company will continue to invest in China, both to develop the local market and to create an export base for worldwide operations.

"We have our Asia kitchen R&D center located in Hangzhou which has been playing an essential part in Electrolux. The establishment of an R&D center needs vast investment and technological support, so this is a concrete example of Electrolux's confidence and commitment," Hsueh said.

In order to continue its rapid growth in China, leading global technology services company EDS not only located the company's Asia headquarters in Shanghai, but also plans to set up Global Service Centers – one in Wuhan and one in Chongqing.

Taking responsibility

Through interviews and investigation, we found more and more companies have started to emphasize their global responsibilities. Unlike in the past, when a company emphasized responsibility only for shareholders, they are willing to take more social responsibility for health and safety, environmental protection and charity.

METRO is the pioneer in introducing HACCP (Hazard Analysis and Critical Control Point Program), the international food quality control system in the Beijing market, putting strict control requirements on food's receipt, storage, processing, transportation, cleaning and disposal.

HACCP will assess risks, analyze their frequency and severity and implement preventive measures for overcoming them to ensure healthy, tasty food.

The strict control system has assured that thousands of types of food are safe, reliable and of high quality, which METRO believes is important.

Protecting health and safety may be one of a company's most basic responsibilities. Lafarge has a 'slogan' that 'Employees are the core of the company.' But how to achieve it?

Dung Van Anh, president of Lafarge China, said, "We found many Chinese employees don't care about safety when working. We put a lot of effort into training them to view safety as a kind of 'culture.' Lafarge has many factories. We not only train staff to avoid various accidents, but also train contractors who visit the factory. We not only report accidents that already happened; we also report potential dangers. We help the employees understand which situations are danger-prone. Accidents can be avoided. Some may be unwilling to report accidents, fearing their bosses will punish them. However, at Lafarge, if we find anyone who knew of a potential danger but didn't report it, he or she will be punished."

Environmental protection is an urgent task and an important responsibility – especially in China. Fortunately, some enterprises have been making great efforts.

Panasonic started its environmental protection strategy early in the 1990s in Japan. The company has implemented the same strategy in China.

Sharp is raising environmental awareness at its production sites all over the world by using proprietary standards to rank a factory with extremely high environmental criteria for a Super Green Factory. Sharp plans to convert all domestic and overseas Sharp Group production sites into Super Green Factories or higher by the end of 2007.

Super Green Recycling makes people use products effectively.

McDonald's established Ronald McDonald House Charities (RMHC) in 1984. RMHC China was formally launched in China to help improve the health and wellbeing of Chinese children.

Contributing corporate partners have already raised more than 26 million yuan to fund these projects. In the future, the company will also encourage public donations, which can be made at any of McDonald's over 780 restaurants in China.

Power plus power

More Bertelsmann bookstores will be opened in China's Carrefour hypermarkets this year, according to an exclusive partnership agreement signed between the two companies in October 2006.

The partnership agreement is mutual, which means Bertelsmann will not open stores in any other supermarket on the mainland, and Carrefour will not allow any other retailer to open bookstores in its mainland hypermarkets.

Talking about the venture, Bryan D Ellis, president of Bertelsmann DirectGroup China, said, "Carrefour is one of the major hypermarket chains: they expand very quickly, they have a very good brand name and we have had a good relationship with them. It's a good match."

CFP Photo

As the competition in Chinese markets grows more and more fierce, joining hands with a local partner may be a better choice for global companies. Metro and McDonald's have stepped forward – they have signed cooperation deals with Sinotrans and Sinopec.

On November 15, 2006, METRO China clinched a strategic cooperation deal with Sinotrans.

METRO decided to introduce its well-developed Procurement Logistics solutions, which proved successful in other countries, in a bid to integrate its logistics system in China. Under the deal, Sinotrans is to build a logistics network composed of 9 warehouse hubs and dozens of transport routes to cover Metro's 33 stores nationwide.

"We are now very happy to have found Sinotrans as a partner for the next step of logistics development, which will help to create best-in-class logistics services for METRO Cash & Carry China," Jean-Luc Tuzes, president of METRO Jinjiang Cash & Carry Co Ltd, said.

McDonald's signed a 20-year agreement with China's oil giant Sinopec last month to build drive-thru restaurants at its petrol stations. The agreement is exclusive. Sinopec has about 30,000 petrol stations in China and McDonald's has 780 restaurants in China.

The move signed between the two Fortune 500 companies aims to accelerate the business development of McDonald's in China and strengthen the sales and service of Sinopec's non-oil products.

"Our need for professional and reliable domestic business partners is underlined by the fact that Sinopec is serving millions of consumers across the country on a daily basis. It is a great potential consumer network for McDonald's," Jeffrey Schwartz, CEO of McDonald's China, said.

Difficulties and talents

Dealing with China's rapid development seems the number one challenge to be for most of the companies interviewed. Most CEOs said another urgent task for them is to recruit and train qualified local managers and employees.

"China is a fast developing country: its consumer demands, markets, products, channels – everything is changing! Our biggest challenge is to adjust ourselves to meet the pace," Hsueh, president of Electrolux (China), said.

MetLife thinks that customer development, especially on a local level, is the most important thing for the company now.

"Insurance, in essence, is a local business. Our view is that we need to combine local culture and international expertise. Generally speaking, MetLife International has a lot of talent who know the insurance business well, but we really don't have enough people who understand the Chinese market," president of Sino-US MetLife Robin Chi said.

FedEx designs training programs for its employees. Each can apply for a US$2,500 yearly scholarship. The scholarship can be used to improve their scientific and cultural understanding. In 2004, FedEx offered about US$1 million in scholarship money for its Chinese employees.

Most senior executives interviewed emphasized the importance of communication. Although Chinese is very difficult for most of them to learn, they all said they are trying to learn Chinese in order to better understand the country and its people.

About the Fortune Global 500 Interview

Beijing Today has been doing interviews with senior Fortune Global 500 executives' China branches since 2002. In the past five years, we have interviewed over one hundred top managers working in China, especially in Beijing. Through the interviews, CEOs have expressed their management concepts, the performance of the their companies, difficulties they are facing and suggestions for Beijing, and for China.

Last year, *Beijing Today* compiled its interviews from the last five years into a book so more people could share the stories, ideas and concepts of the world's top companies.

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Before the 1980s, due to the world situation at the time, only a few Fortune 500 companies did business in China. Those companies' operations in the country mainly focused on exporting products to China. Most were home appliance makers, trade and heavy industry enterprisers. After two decades here, China has become a very important market and a base for their operations. These companies have gained a lot of experience, and learned new lessons, from doing business in China.

NEC: China is a touchstone

By Han Manman

In 2004, NEC restructured its communications business in China and formed NEC Telecommunications (China) Co Ltd. NEC has since strengthened its 3G business based on the communications services platform it has built in China over the past 30 years.

Q: NEC's business in China is very diffuse, perhaps one could describe it is being like loose sand. Could you discuss NEC's business integration and the problems you met during the integration?

A: NEC started business in China in 1972 when China and Japan built up relations with each other. At the very beginning, we started exchange machine operations. At that time, we needed to follow Chinese government requirements such as cooperating with the appointed domestic company in Tianjin to do the exchange machine operations and cooperating with another appointed domestic company to do communications equipment business in Wuhan. At that time, the government chose all of our partner companies and business locations. Later, we began a computer production business, and we were asked to start the business in Shanghai and cooperate with some companies that had previous sales experience. With the development of Chinese society, computers have become more and more integrated with communications. Our clients began to ask us to provide an overall solution, not just a single part of it. Now, they ask for an integrated and systematic solution.

Q: What's NEC's China strategy? What are some lessons you've learned from working here?

A: China is a very big production base for NEC. In software development, we have more than 4,000 Chinese software developers, who not only provide technical service for local companies, but also for Japan and other countries. We have more than 50 companies in China alone. Yet China only accounts for less than 10 percent of NEC's global sales and profits. This 10 percent in China is very small compared to the size of the market. Competition in the mobile phone business in China is fierce. From a global perspective, NEC's sales have been falling very fast except in Japan, so NEC depends more on the Japanese market. We realized that, and now we are working hard to exploit the overseas market. Under these circumstances, success in the Chinese market is an important step to exploiting the world market.

Japan is a special market. If we produce a top product for sale in Japan, even if it is high-priced, someone will buy it. However, price is very important in overseas markets. For example, take a product which could maintain 90 percent quality if we spend 1,000 yuan on it. In Japan, the producer will spend 10,000 yuan to achieve the 99 percent quality; however, outside Japan, most producers will spend 1500 yuan to maintain 95 percent. China is a touchstone because Chinese consumers are more willing to accept new concepts and new products. I believe if a product can win over the market here, it is fit for the world market. So, whenever we produce some new and cheap product, we will first sell it in China, and the successful products in China will be successful in the world.

Interviewee: Hajime Kaneko
Title: President
Compnay: NEC (China) Co Ltd

Q: Some say that NEC mobile phones are leaving the Chinese market. Why?

A: We didn't announce that we would withdraw from the China mobile market. But we admit that 2.5G handsets faced a tough situation in China. We are suspending the development of traditional 2.5G handsets in China to focus on developing third-generation (3G) handsets. We estimate China will issue 3G licenses in 2007 and the next-generation network will allow users to enjoy high-speed services from video conferences and film downloads to multi-player 3D games.

Q: Other Japanese mobile phone makers, including Panasonic, Toshiba and Mitsubishi, have already withdrawn from China. What do you think is the real reason behind it?

A: One reason is that Japanese mobiles are all not Global System for Mobile Communications (GSM). We are using the 3G mobile now. When Japanese companies produce GSM phones in a country outside Japan, the manufacturing technology may not be there. And if we want to sell GSM mobiles overseas, we need to put in double investment on the mobile development.

Q: What's the biggest difference between the Chinese market and Japan as well as other overseas markets?

A: In China, we need to give a very detailed explanation from every angle for each product. We must emphasize what the product is about and clearly explain its after-sales services. Chinese consumers also demand a quick response time. Whenever they find a little problem with a product, they ask the company to repair it immediately. So, to develop in the Chinese market, sales and service quality are very important. Americans may think a cheap price is more important than the quality and Europeans may find it hard to accept new things.

Photo by Tian Yufeng

NEC Corporation was established on July 17, 1899. Now it is a global corporation with 126 companies in Japan, 167 overseas subsidiaries and more than 150,000 employees around the world. Its business scope ranges from IT solutions to network solutions, semiconductors to electronics components. As one of the world's largest corporate patent-holders, NEC has integrated its advantages in communications, computers and semiconductor, enabling it to provide tailored solutions to its global clients.

For some well-known brands with long histories like Sony and NEC, maintaining innovation is still a priority challenge, as the Chinese market is changing so fast and Chinese customers tend to expect new things.

Interviewee: Seiichi Kawasaki
Title: President
Company: Sony (China) Ltd

Sony: innovation and unity lead the way

By Qiu Jiaoning

After he was interviewed by *Beijing Today*, Seiichi Kawasaki, who had been president of Sony (China) Ltd since 1998, was transferred to the company's global headquarters in Japan and promoted to vice president of Sony Global Supply Chain Solutions in January 2007. The promotion was based on his consistent and remarkable achievements in Sony's business in China. 2006 marks not only the 10th anniversary of Sony (China) Ltd but also Kawasaki's last year as president of the company.

Q: You have been president of Sony (China) Limited for eight years, could you talk about your deepest impressions of the Chinese market and the changes Sony's made here?

A: When I first got involved with Sony's business in China, our company's business scale here was very small. During the past years, we've made great changes. For instance, Sony's employees in China have grown from 50 in 1997 to 32,000 in 2006. I experienced and enjoyed the magic of charting a new course. It's not only the great changes in Sony's business in China but also the tremendous changes in the Chinese market itself.

Before I came to China, I had been working for Sony's overseas business in some new emerging markets in the Middle East and Southeast Asia. The business in the new emerging market countries including China all developed rapidly. As everyone knows, China has seen changes beyond just recognition during the past ten years.

Q: As time flies by, we can accumulate experiences and achievements, but we also age. Could you talk about Sony's brand aging problem and brand rejuvenation strategies?

A: It's also a hot topic we have discussed inside our company. As the youth are our potential customers in future, we have often discussed how we can be more and more popular among young people. When I was young, my father didn't know there was a company named Sony at all. When I told him I was joining the company, my father wondered who Sony was, but Sony was well-known among young people at that time.

As for today's Sony in China, our products, especially TV sets, have secured the approval of many older people, while they aren't so popular among young people. But we are trying to improve the situation with variety of digital products, mobile phones and computers. Besides these cool products for young people, we are also organizing different activities such as the Sony ExploraScience. It is an interactive educational center aimed at helping young Chinese explore and experience the attraction of science. Sony's entertainment businesses such as film, music and games can also let customers feel the special charm of the Sony brand.

Q: Sony's reconstruction and revitalization have been a hot topic since 2005. Could you talk about the achievements under the new plan?

A: The most impressive point of the reconstruction plan is to unify all the combined power of Sony Group. "Sony United" is a program to leverage the strengths of our sister companies all working together with a shared purpose. It can provide our customers with more value and make Sony a highly focused organization that defines clear priorities companywide and pursues those priorities with effort and energy.

The "Sony United" concept has created magic inside Sony. This has resulted in the significant strengthening of the entertainment content businesses, the solidifying of the mobile phone business, the development of the next generation semiconductor chip, and the integration and expansion of the financial services business.

Photo by Brook Wang

Sony, the giant consumer electronics maker, ranks No 65 on the 2006 Fortune Global 500 list. Founded in 1946, Sony, a Tokyo-based electronics, entertainment and technology group, has grown into a more than US$60 billion global organization with over 160,000 employees worldwide.

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Knowing Chinese people, history and culture may be a key factor in the success of foreign companies in China. Another key element is cooperating with local goverment and partners.

Hitachi: aiming to be 'China's Most Trusted Partner'

By Qiu Jiaoning

"It is estimated that we will achieve a sales volume of US$7 billion in 2006, and the goal set in October 2004 will be reached," Minoru Tsukada, senior vice president and executive officer of Hitachi Ltd and president of Hitachi (China) Ltd, said.

To promote its future development, Hitachi formulated and put forward a new business strategy, named "China's Most Trusted Partner," in October 2004, which will be implemented by its core businesses: power and industrial equipment systems, building systems, transportation systems and information and telecommunications systems.

"The strategy announced in 2004 aims to improve our brand image and realize a US$7 billion sales volume in 2006 by enhancing our research and development and competitive abilities," Tsukada said.

Interviewee: Minoru Tsukada
Title: President
Company: Hitachi (China) Ltd

New strategies and goals for 2010

Hitachi China put forward some new strategies at the end of 2006 in order to increase its sales volume to US$12 billion and increase the value of its transactions, including sales within and exports from China, to US$ 13 billion, Tsukada said.

Under the new strategies, Hitachi China will try to become the top subsidiary of the Hitachi group, contribute to technological innovation and realize Hitachi's localization in the Chinese market by the end of 2010. During the period between 2001 and 2006, regarded as the return-on-investment period for Hitachi China, the company planned to make back the US$1 billion it had invested.

"Our new strategy for the Chinese market focuses on becoming a localized enterprise in China," Tsukada said. Hitachi has about 130 member companies in China; 20 of them have general managers or board chairmen who are Chinese. Chinese also manage most of the assembly lines in the company's factories. "We will speed up our local talent recruitment and training to increase local participation in our operations. We have also formulated a plan for fostering future Chinese officers," he said.

Innovation, Cooperation and Globalization

"We have, since our founding, put forward the spirit of harmony, sincerity and pioneering," Tsukada said. "Now we do businesses focusing on innovation, cooperation and globalization. Innovation is equal to our pioneering spirit, cooperation is a key factor for realizing our value as a consolidated group and globalization is the base for our future growth," he added.

"As for innovation, Hitachi will continue to cooperate with Chinese corporations, improve technological development through local talent and enhance technical innovation through industry-academy cooperation," Tsukada said. Hitachi China will also strengthen its local talent recruitment and training systems.

Another key factor of Hitachi's development is cooperation. Hitachi has 130 member companies in China and their coordinated growth is a must for further growth of the entire group. Each year, Hitachi China will hold two Hitachi China executive officer conferences to guide its future development and realize its goals through promoting the "One Hitachi" concept.

"In addition, we have been engaged in establishing a finance company and trying to share research and development, talent training, technologies and material purchasing among Hitachi's companies in China. We will continue the group's harmonious development so as to satisfy our customers," Tsukada said.

Four decades' development in China

Hitachi, which entered China in the 1960s, was one of the first international companies to establish a local presence here. In the 1970s, Hitachi took the lead in establishing a representative office in Beijing, making it the first Japanese manufacturer with a presence in the Chinese capital.

In the 1980s, Hitachi made active efforts in response to China's demand for local operations and scored great achievements in its China business through cooperation with local partners, producing transformers, electric motors, TV sets, washing machines and other household appliances.

In the early 1990s, Hitachi expanded its investment in China as the Chinese government launched a series of preferential policies aimed at foreign investors. "At present, Hitachi is actively engaged in fields like power equipment, electronic devices, household appliances, information and telecommunications," Tsukada said.

Photo provided by Hitachi

Hitachi, ranked 38th on the 2006 Fortune Global 500 list, is a leading global electronics company with approximately 356,000 employees worldwide. The company offers a wide range of systems, products and services in sectors including information systems, electronic devices, power and industry systems, consumer products, high-performance materials, logistics and financial services.

Mitsui: witnessing the change in China

By Jackie Zhang

Mitsuo Tanaka has been working in China for around 20 years. Although he is the director president of Mitsui & Co (China) Trading Ltd, he spends his spare time reading books on oriental philosophy, especially Chinese philosophy, and learning about Chinese culture.

Mitsuo knows more than most Chinese young people about what Beijing and China looked like in the 1980s. He understands more about Chinese history and literature, too. He likes Confucius and Mencius. He said that Chinese philosophy books have helped him to cultivate his spirit.

Q: What was your position when you came to work in China for the first time?

A: In 1983, I started to work in the representative office of Mitsui & Co Ltd in Beijing. Since then, I have been working in China for around 20 years.

I have seen many changes in Beijing and China. At Mitsui & Co, many people are engaged in trade and business in China. However, few of them work in the field for more than 20 years like me. Now, a lot of young Chinese people do not know what Beijing looked like in the 1980s, but I still remember the city and life in Beijing at that time. Although life was hard, deep emotions and friendly relationships did exist among people.

Q: Can you describe Mitsui's development process since it first entered China?

A: In December of 1980, Mitsui established its Beijing office. It was actually an organization bridging our headquarters' business with China, but it was not allowed to do any business independently.

For a long time, Chinese law did not allow foreign companies to establish local subsidiary companies. In 1992, Mitsui established its first local subsidiary company in the Free Trade Zone in Shanghai.

In 1996, the Chinese government released the regulations for foreign investors establishing investment companies. Thanks to the beneficial regulations, Mitsui established Mitsui & Co (China) Ltd, its first investment company in China. In September of 2005, Mitsui & Co (China) Trading Ltd was established, mainly engaging in the foreign trade, imports and exports, and domestic business.

Q: In which fields has Mitsui made greater achievements?

A: Mitsui's strongest fields are chemicals, machinery, steel and natural resources. In China, Mitsui's strongest field is chemicals. Especially in the eastern and southern parts of China, our organic chemical industry is developing quickly on a big scale.

Machinery used to be a strong area of business for Mitsui. Our machinery business in the past was mainly importing facilities to China from foreign countries, but at present, Chinese domestic factories can produce most of the facilities themselves. Today, we mainly import machine accessories which Chinese factories are not able to produce.

Q: Do you have plans to develop any new businesses?

A: New fields that we are planning to get involved in are areas closely related to people's daily lives. We call them "life industries", like food, media, 7-11 chain stores and logistics. I cannot discuss more details at present. Just take 7-11 chain stores, for example. Mitsui is responsible for the logistics business of 7-11. We established an independent company mainly for providing materials and transportation services for 7-11 chain stores.

Q: Has your experience and life in China caused any changes for you or your life?

A: My personal opinions have changed a lot. I used to think that earning money was the first purpose of managing a company. But now, I make my first priority doing a good job and enlarging our business together with our partners.

Interviewee: Mitsuo Tanaka
Title: President
Company: Mitsui China

Photo by Tian Yufeng

Mitsui & Co Ltd is one of the biggest comprehensive enterprises in Japan. It has ranked in a top spot for many years on the Global Fortune 500. Mitsui & Co (China) Trading Ltd was established in September 2005, and is a subsidiary trade company. It engages in businesses like product wholesale, imports and exports, chemicals, mine development, metals, machines and transportation facilities.

Editors: Hou Mingxin Qiu Jiaoning Designer: Zhao Yan
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'In China, people attach more importance to long-term relationships. It takes time to establish long-term relationships between enterprises and people.'

— Nobuyasu Matsudaira

MHI: taking the long view

Interviewee: Nobuyasu Matsudaira
Title: General Representative
Company: MHI China

By Jackie Zhang

Having been in China for more than 30 years, MHI mainly focuses on exporting its products to China for national and important projects. It is popular among Chinese citizens for its air conditioning products, which are produced by joint ventures with Chinese companies.

Q: Could you please talk about the business achievements MHI China made in 2006?

A: MHI planned to export about 120 billion yen (US$1 billion) of products to China for the fiscal year of 2006. The fiscal year of Japanese companies lasts from April until the end of next March. At the end of 2006, only 32 percent of the planned 120 billion yen (US$1 billion) was sold. Thus, the situation for MHI is tough. At present, we are trying to gain bids for some big projects in China, hoping to reach the goal by the end of March.

The sales target for MHI China's joint ventures is 64.2 billion yen (US$538 million). So far 93 percent has been sold, which is a 42 percent increase compared with last year.

Q: Have you analyzed why MHI made only 32 percent of its export goal?

A: MHI mainly exports products designed for big projects like national facilities investment in China. When we succeed in bidding for a project, we start to design the products and then produce them. Due to the restrictions imposed by the country's macro regulations and controls, some projects may be postponed. I think this is the most important factor.

However, the tough situation is in China only. MHI's exports to other parts of the world, like Europe and the US, are doing very well. Thus, MHI's global export goal has been reached. As I am responsible for MHI's business in China, we're actively following up the bids on providing facilities for Chinese electric factories, hoping to succeed this year.

Q: What do you think of your company's business opportunities in the Chinese market?

A: China's economic growth has brought two main outcomes. One is that exports from Japanese enterprises have increased, and the other is that local manufacture in China can be sped up. Now, MHI is in the process of changing its strategy to focus on strengthening local manufacturing.

An example is that we are cooperating with Dongfang Electric on running a gas turbine parts factory. I think this illustrates how MHI is willing to transfer our technology to local partners and produce products locally in China. Although MHI's sales numbers decreased, this is the proper method for supporting China's economic growth and technological development.

MHI established its business relationship with China in 1972 and we have kept a friendly relationship with China during these 34 years. When we consider our future development in China, we like to think in the long view.

So far, MHI has 23 companies, including both manufacturing and sales. In the past, we mainly imported products from Japan, but now, we manufacture products locally in China. Now, our companies established early in the 1990s are making sales of more than 10 billion yen (US$3.8 million) per year.

In recent years, the Chinese government has encouraged the production of environmentally friendly products. MHI has an advantage in producing these kinds of products. We are now seeking opportunities to do these kinds of projects in different parts of China.

Q: In what projects has MHI participated? Can you name a few?

A: MHI has taken part in several big projects in China, for example, the steel rolling machines in the factories of Baosteel Group are all provided by MHI. But citizens may be more familiar with our air conditioning products. Our sales of air conditioners in China have done quite well in these years.

Q: Do you have any suggestions for foreign companies that have recently entered China, as MHI has run its business in China for a long time?

A: I'd like to tell them that you have to consider things in the long view if you are doing business in China and making long-term plans. I think it is the same for any company doing business in a foreign country. In China, people attach more importance to long-term relationships. It takes time to establish long-term relationships between enterprises and people.

Q: China will fulfill many of its promises next year for entering the WTO. Are there any related policies that will influence MHI China?

A: The Ministry of Commerce released its No 8 document opening the business market at the end of 2005. It enabled us to enlarge the business area of our company in the tariff-free zone in Shanghai. Before the implemention of the No 8 document, we were not sure whether we could develop our business in the tariff-free zone. MHI has actively gained from these new policies.

Q: Is there any basic principle or belief that governs the management of MHI China?

A: The first principle by which we run business in China is that we will strictly adhere to Chinese law, especially on bribery issues. The second is that we are focusing on training local talent in China. I think we are responsible for training Chinese local staff in order to develop our business. In two of our companies in China, the managers are Chinese people instead of Japanese.

Q: What is MHI China's plan for 2007?

A: We are making the plan at the moment. Basically the goal for exports to China is around 100 billion yen (US$838 million) and the goal for our companies' sales in China is around 80 billion yen (US$670 billion).

MHI's business relationship in China started when it established its first sales company in Hong Kong in 1975. Then, it established a factory in Zhangjiagang, Hebei in 1993.

Interviewee: Alain F Berger
Title: President
Company: ALSTOM (China) Ltd

ALSTOM: three-step development plan in China

By Huang Daohen

ALSTOM has been playing a role in China's development for almost 50 years, utilizing the experience and expertise it has built up over the past century. Now ALSTOM has two wholly owned enterprises in China as well as nine joint ventures and three subsidiaries.

Q: Since ALSTOM's Beijing office opened in 1979, ALSTOM has operated in China for almost 28 years. As the president of ALSTOM China, what is your understanding of the Chinese market?

A: ALSTOM's core businesses are power generation and transportation, which are of major importance to China's development. Our success in these two domains is due to China's continuous growth, which fuels the development of power plants, for which China is the top market worldwide, and transportation. In view of China's large-scale power generation and rail transportation markets, which account for a high proportion of the global market, China will always be one of our strategic priorities.

Q: Why did ALSTOM choose China as a new production base? Is it primarily due to cost considerations?

A: Cost is certainly one of the factors we considered. However, it's not all about cost.

Take the power generation market, for instance: the Chinese power market accounts for 50 to 60 percent of the world market. This means that your technology and products will be mainly used in China. If we are to maintain a leading global position in this industry, we must first gain a leading position in China, which is always the primary factor in our decision-making.

Second, China has excellent infrastructure and plenty of good people at all levels in technical fields like mechanical design and manufacturing.

Q: Problems are bound to take place when foreign technologies enter the Chinese market. Did ALSTOM have such experiences in China? ALSTOM has always emphasized, "change" and "innovation." What changes have you made to your business model?

A: Of course, we have encountered some difficulties, the language barrier for example. Frankly, we still have some problems at this point, but they will be gradually improved. I prefer to call this a learning period.

As for innovations in our business model, we have evolved through three business models.

In the 1970s and 1980s, when China was only an export market for ALSTOM, we had all kinds of products produced in Europe and then exported here. This was our first business model in China.

Through in-depth understanding of the Chinese market, and the reform and opening policy of the 1980s, we found that it was better to the manufacture products in China, rather than export them from Europe. This not only cut costs but also brought us closer to Chinese markets. So we launched the second business model: establishing joint ventures with Chinese partners to serve the Chinese market.

Now, we not only regard China as a major market, but are also making efforts to convert it into a new industrial base, from which we will serve both the domestic market and export products to the rest of the world. This is our third business model.

Q: Does ALSTOM have any cooperative projects or intentions with regard to the construction of the Beijing-Shanghai high-speed railway?

A: The Beijing-Shanghai high-speed railway, of course, is a very important project. This is a project that the Ministry of Railways will start soon through Chinese contractors and suppliers. We are of course ready to provide our best, latest technologies.

Photos by Tian Yufeng

As a Fortune 500 company, ALSTOM is a global leader in power generation and rail transport infrastructure, supplying more than 25 percent of the world's installed power generation capacity and enjoying an 18 percent market share in rail transport worldwide

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The years from the 1980s to its accession to the WTO in 2001 were ones of rapid development for China's economy. Many Fortune 500 companies entered the Chinese market during this period. Ministry of Commerce figures show that there were 3,705 enterprises invested in by Fortune 500 companies at the end of 2006. These companies have brought not only a large amount of investment capital to China, but also advanced technology and management concepts.

Volkswagen: aiming for gold in 2008

The 2008 Olympics will definitely provide huge economic opportunities not only for Chinese enterprises, but also for international companies — especially Olympic partners like Volkswagen and Panasonic.

Interviewee: Winfried Vahland
Title: President and CEO
Company: Volkswagen China

By Qiu Jiaoning

Being the official automotive partner of the 2008 Beijing Olympic Games and ranking 17th on the 2006 Global Fortune 500 list, Volkswagen Group aims to win the 2008 gold medal for being the most attractive and successful car manufacturer in China. Volkswagen's restructuring plan in China, called "Olympic Program," strengthens the company's leading position in the Chinese market. Volkswagen China will accelerate its "Olympic Program" in 2007.

Achievements under the Olympic Program

Winfried Vahland, Volkswagen China's president and CEO, said that the company could achieve three main targets of its Olympic Program for 2006. "These include a stabilized market share, better sales than 2005 and a positive financial result," he said.

Volkswagen China, with its two joint ventures Shanghai Volkswagen and FAW-Volkswagen, achieved a historic sales record with 711,298 vehicles sold in China in 2006, a year-on-year surge of 24.3 percent. Volkswagen brand group sales amounted to 628,807 cars, including 6,021 imported vehicles. Audi delivered 81,708 vehicles to customers, including 4,486 imported units.

"Competition in the industry has undoubtedly become fiercer in 2006; however, we have exceeded our internal sales targets for 2006 and have met the goal of stabilizing our market share through our focus on full customer orientation," Vahland said. "We are delighted to have achieved a positive financial result in 2006."

Volkswagen Group China presented its Olympic Program after Vahland was appointed president and CEO of Volkswagen China Group in July 2005, indicating the importance of the Chinese market to its operations. By 2008, production costs are planned to be cut by 40 percent compared to 2005. "Our new strategy creates the basis for a more efficient business process. A key element of the strategy is even closer cooperation with our joint ventures and Chinese partners," Vahland said.

To fully exploit the Chinese market

"Volkswagen has grown, and will continue to grow in China. 2006 was the period to achieve the turnaround," Vahland said, "We are back on track now. In 2007 we will focus on securing the quality of the business processes, on sustainable development and on an improved sales structure."

Volkswagen Group China and its joint ventures decided to introduce 12 to 14 new cars through 2009 under the Olympic Program. Each model will be further adapted to the specific demands of Chinese customers.

"Since its first joint venture in China in 1984, Volkswagen has proven itself not only the most successful international partner in China's automobile industry but also a trustworthy friend of the Chinese people," Vahland said.

When designing a new sedan in Germany, every demand of the Chinese market was considered. The company is working hard to satisfy the tastes of modern Chinese society, he said.

In order to fully exploit the market, Volkswagen China follows a complementary model strategy at both of its car-producing joint ventures. Shanghai Volkswagen develops and produces cars with a stronger lifestyle image, while FAW-Volkswagen's models target customers desiring the latest cutting-edge German technology.

"Compared to 2006 we expect to increase our sales volume and profitability again," Vahland said, "There are many challenges ahead and there is much work to be done. Nonetheless, we are confident that we will meet these challenges thanks to the strong collaboration we have with our local partners, our institutional knowledge and our ability to adapt and thrive with change."

Photo provided by Volkswagen China

The Volkswagen Group is one of the leading automobile manufacturers in the world, and Europe's largest carmaker. It opened its first representative office in Beijing in 1985. Today, Volkswagen China provides functions like public relations and government liaison, research and development and local content. The successful development of its suppliers is a critical factor in the success of its joint ventures.

Interviewee: Tetsu Kimoto
Title: President
Company: Panasonic Corporation of China

Panasonic: showing a new lifestyle

By Jackie Zhang

Q: Could you please talk about Panasonic China's business achievements in 2006?

A: In China, Panasonic's business operations are not as good compared with other parts of the world, even though we have achieved 110 percent growth over the last year. It is really very difficult for us.

In China, the business conditions of companies in different areas are all very good and promising, as expected in the plan we put out at the beginning of the year.

Q: What about your current preparations for the coming 2008 Beijing Olympic Games?

A: The three-year sales plan is for 2006, 2007 and 2008. The whole plan is on schedule. So far, almost 60 percent of the whole sales have been achieved in 2006. Our sales plan is to provide big size screens and audio system at the Olympic sites and the monitoring system at the media center. We have also signed contracts to provide copy machines for the media center.

The Beijing 2008 Games will be the first in Olympic history to use a high definition broadcasting system. At the Athens Olympic Games, the staff created a high definition broadcast. However, the local people in Greece couldn't watch the games on high definition TVs. In Beijing, we will make it possible for the first time; we will shoot, edit and broadcast in high definition, as high definition TVs are common in Chinese homes.

Q: What is Panasonic's belief on company management?

A: Actually, Panasonic believes in "enterprise as a public entity." On one side, we recruit people from society to work in the company, producing products and earning profits by running business. Then, we make use of these profits and income to do good deeds for society.

Q: Panasonic has been focusing on environmental protection. What do you think of Panasonic's achievements on redounding upon society?

A: We are very focused on "green products" at Panasonic, although the Chinese government has not promulgated a clear, confirmed nationwide standard.

In Panasonic's worldwide companies, "green products" does not only refer to products which are good for environmental protection, saving natural resources and energy, but also includes after-purchase services like the recycling of electrical appliances. As early as the design stage, we take the reuse or retrievement of a product into consideration. We've also made a plan regarding the ratio of our "green products" to the total number of products we make over the next few years.

In Japan, Panasonic has factories for dealing with recycled electrical appliances. Citizens have to pay recycling fees in Japan, but I think it will take time to implement this type of electric appliance recycling in China.

Photo by Braver Lou

In 1978, Panasonic started exporting its products to China and established its first business relationships here. In September 1987, it founded joint ventures for the first time in Beijing. Panasonic's first limited company was established in 1994 and was turned into an investment company in 2002.

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Management concepts such as Emerson's "40 percent criterion" and Fedex's "People-Service-Profit" have made the two companies industry leaders in China.

FedEx: talent creates profit

Interviewee: Wilson Chung
Title: Vice President
Company: FedEx Express China

By Qiu Jiaoning

Q: As an executive of a world famous company, what do you think is the most important skill someone in your position should have?

A: I pay a lot of attention to my communication with the employees. I especially like communicating with frontline employees in my daily work. In fact, all the executives in our company try to create a democratic, harmonious and relaxed atmosphere for communication, which will help all the staff to work happily and provide excellent service to our customers.

I'm careful in whatever I do, so I get to know every project thoroughly, but I will not make a decision for the project managers – I'd like them to develop their minds and grow and mature gradually. Although the excellent managers we develop are often the targets of headhunting firms, the staff is very stable. We enjoy our sound talent management system.

Q: How do you put FedEx Express's People-Service-Profit (PSP) management concept into practice in China? Could you give an example to illustrate its influence?

A: To remain the leader in the air express cargo transportation industry, our company has developed a unique relationship with its employees, based on a people-first corporate philosophy. The FedEx corporate philosophy is the result of People-Service-Profit. These three corporate goals form the basis for all business decisions.

The people priority acknowledges the importance of employee satisfaction and empowerment to create an environment where employees feel secure enough to take risks and become innovative in pursuing quality, service and customer satisfaction. Service refers to the consistent and clearly stated service quality goal of 100 percent customer satisfaction, 100 percent of the time. A corporate profit should result, if the people and service goals have been met.

In a word, we create a good environment for our employees and employees provide excellent service for customers, which will create profit shared by both the company and all the employees. It's a sound cycle of development.

Q: FedEx Express has often been given "Best Employer" awards in the last few years. What has your company gained through consistent attention to employees?

A: Employers want to choose proper talent, while the talent looks for a good employer with great development potential. The right choice will benefit both the company and the employee. We have been making sustainable efforts to recruit, retain and train our talent.

Talent, in either the logistics or express industries, is required to have a broad vision and good service awareness. Besides favorable benefits and salary, FedEx can provide our employees with more chances to improve their abilities, which will help them adapt to the industry's fast development.

We designed a series of training programs for our employees. Each of them can apply for a US$2,500 scholarship every year. The scholarship can be used to improve their scientific and cultural knowledge. In 2004, FedEx offered about US$1 million in scholarships for our Chinese employees. These policies help us attract and retain talent and let them achieve more for our company.

Q: Could you give an example of FedEx's important and effective marketing decisions in China in 2006?

A: In 2006, FedEx launched a new, dedicated toll-free customer service hotline (800 988 1888) in China and has extended the service to 24 hours a day, six days a week, to provide the best customer experience in the country.

Prior to the launch of the toll-free service number in China, FedEx had been operating three customer centers in Beijing, Shanghai and Guangzhou since 1998, with three different toll-free service numbers covering northern, eastern, central and southern China.

Now the nationwide service number will enable customers, especially mobile office workers, to dial one number whenever and wherever they are, to reach local FedEx customer centers for such services as package delivery, tracking and tracing, payments, inquires and feedbacks. In addition, FedEx has also launched a separate service hotline (400 886 1888) for mobile phone users.

Leveraging this newly established functionality and focusing on making every FedEx experience outstanding, FedEx will also further upgrade the experience for small and medium customers, with the objective of becoming the leader in customer service in the express delivery industry.

Q: What challenges does FedEx face in the Chinese market and what new plans or actions are you taking?

A: The biggest challenge FedEx faces in China is how to realize our potential for long-run development in the market. In fact, the challenge comes from our self-development and goal-setting. So we will increase our inputs to improve service networks and quality in China, and add more flights to the country.

We plan not only to add more flights to China but also to increase flight density and ports of call here. FedEx provides reliable pickup and delivery services, rapid customs clearance ability, and international line-haul using its own aircraft to link China to the company's global networks. The company has 26 flights to the country every week including weekly flights serving Shanghai, Beijing and Shenzhen.

FedEx, with its headquarters in Shanghai since 2003, employs more than 3,200 people in China now. As localization continues to progress, our company will need a strong local management group in China. So we are planning more and better training programs for our managers.

Photo by Brook Wang

FedEx ranked 197th on the Fortune Global 500 list, provides customers and businesses worldwide with a broad portfolio of transportation, e-commerce and business services. FedEx entered China in 1984 and, since that time, has expanded service to cover more than 200 cities across the country, with plans to add 100 additional cities over the next few years.

Emerson: technology leadership brings profit growth

Interviewee: Peter Yam
Title: President
Company: Emerson Greater China

By Qiu Jiaoning

China is among the fastest-developing regions for Emerson's businesses. Since fiscal year 2002, China has been the second largest market for the company next to the US, according to Peter Yam, president of Emerson Greater China.

Emerson's presence in China began as early as the late 1970s through its first technology transfer, and in 1992 the company established its first wholly foreign-owned enterprise in China. In October 1993, Emerson Electric (China) Holdings Co Ltd was formed, and it became the first US firm ever to set up an investment company, which was headquartered in Shanghai.

Q: Emerson is recognized for its innovative and proven technologies. How do you maintain your technological leadership?

A: In order to stimulate innovation, we set up a long-term goal and a number of criteria for managers to follow. In other words, we reward the managers who can come up with new technologies, new products, new solutions, new platforms or something different from our past ones.

We have a 40 percent criterion, meaning that 40 percent of the sales should come from new products. It puts pressure on managers and executives to come up with new ideas, innovations and platforms to meet the criterion. If they meet the 40 percent criterion, they are rewarded; if they fail to meet the target, their performance will be affected.

We also continue to invest in our engineering capabilities to maintain our leadership. For example, we invested US$560 million to improve our engineering capability in 2006.

Innovation is not something you can dream up or make up in your office. We hire a lot of engineers in China and let them talk with our customers to understand their needs and issues. Then our engineers come back to our company and use our technology to find the right solutions, products and platforms for our customers.

Q: What are the present and long-term goals of your company in China? What are your business and investment strategies in China?

A: We believe that China is an important market for Emerson. We want to make sure that Emerson's products stand for technological innovation.

In terms of growth, we plan to continue our double digit growth and past performance. This is not easy because of the fast-changing market dynamics in China.

The company will continue to build up our engineering capabilities in China. We established two new centers in 2006, which will help us to better understand and respond to customers' needs, and come out with right solutions and products for our customers.

We will continue to make investment into four key areas including manufacturing and sales, engineering and development, export procurement and human capital. The company will continue to improve efforts in the recruitment, training and developing of new leaders.

Q: What are the challenges and difficulties your company faces in China?

A: China is also changing fast – economic environment, customers' behavior, as well as government directions. So our challenge in China is to continue to grow despite such fast changes.

We realize that China is not a single market, not a homogeneous market. Customers in different regions and different industries have different needs. We need to understand our customers, adapt to market changes, and come out with new products and solutions with our technologies to meet customers' needs.

Photo provided by Emerson

Emerson, ranked 372nd on the 2006 Fortune Global 500 list, is a global technology and engineering leader, developing and delivering innovative solutions for commercial, industrial and consumer markets. Emerson operates in 274 manufacturing locations worldwide and markets its products in 150 countries.

Working to create awareness of cultural differences and making their companies more local have been key factors in the success of Lafarge and Akzo Nobel.

Lafarge: China is the future

Interviewee: Dung Van Anh
Title: Chief Representative for Lafarge in China
Company: Lafarge

By Han Manman

Q: Lafarge dominates southwest China. Why not invest in east China, where the economy is developing more rapidly? What do you think of the Chongqing cement market?

A: Lafarge has developed its business in cement, gypsum and roofing in China.

In terms of cement, China is a large market with so many cement enterprises and a fast-changing cement market, so it's impossible to monopolize. Lafarge doesn't believe in monopoly, we believe in rational competition that gives everybody an incentive to improve.

Currently our cement business is focused on Southwest China but that doesn't mean we won't look elsewhere. We may — when we meet with the right opportunities — look at projects in other regions, on a case-by-case basis.

Q: Lafarge's CEO said the company would double its current 20 million ton cement production within a very short time in China. Is that because of a huge demand for the cement in China or other reasons?

A: There are two reasons. First, the Chinese market is growing very fast. According to our calculations, cement demand will continue to grow. We will also set up some new production lines to meet the increasing needs of the market. Second, there are still many obsolete and polluting cement plants, especially in Southwest China, and these plants need to be replaced by modern and clean production facilities. Since the establishment of Lafarge Shui On Cement, a joint venture between Lafarge Group and Shui On Construction in November 2005, we have closed some VSKs, production lines based on old technologies and replaced them with new dry lines which using the best environmental standards.

Q: Lafarge has made great efforts at sustainable development and environmental protection. Could you tell us something about Lafarge's standpoint on social responsibility?

A: Lafarge, as a group, has a strong and long-term commitment in sustainability. It has built a close relationship with world leading organizations such as the World Wildlife Federation and put lots of effort in this area. Lafarge has a global commitment to reduce its CO_2 emissions per ton of cement produced between 1990 and 2010. It has set strict guidelines for the whole group to follow. We are improving our technology continuously to not only protect the environment, but also to reduce energy consumption and make a greater economic contribution.

Q: What business concepts and tactics does Lafarge China adhere to?

A: We have stated in our "principles of action" that "Employees are the heart of the company." The key to our success is how to translate this principle into action.

Safety is the top priority for the whole Lafarge Group, including China. When we found that many Chinese employees from the companies that we have acquired didn't have a very strong safety awareness, we put a lot of effort into training them to view safety as a core value of the company. We not only provide training to our own staff, but also to our contractors to follow the same rules. We not only report all the accidents that have happened; we also try to keep track of the near-misses, and to identify and correct all potentially dangerous situations. We help employees to analyze and understand which situations may be dangerous. We believe that all accidents can and should be avoided. Anyone who finds a potentially dangerous situation has the right and the obligation to stop the work until the danger is removed.

Q: What localization measures has your company taken over the years?

A: Lafarge in China has over 10,000 employees and about 99% are local Chinese. Looking back 12 years ago when we first came to China, we faced many problems in building a mutual understanding between the company and the employees because of cultural difference and different ways of management. We have managed to train a lot of local talent and at the same time build a close and trusting relationship with local governments, with our local partners, with our customers, with the local communities. Lafarge has proved that it is not only bringing leading technologies but also long-term commitment to developing its business to China.

Q: What is the biggest obstacle you've encountered in China? There's a saying that Lafarge chose the southwest as China's basement to avoid direct competition with local construction companies. Do you agree?

A: This perception is understandable, but it is not entirely correct. We are not only focused on the southwest market, we are also looking for other investment opportunities. We are not trying to avoid any particular competitor on purpose. But since the southwest is where we have encountered the best opportunities so far, and with the base that we have now established there, it is also the place where new investments can have the most synergy with our existing operations.

The biggest challenge is how to continue to adjust our strategy to meet the growing needs of the Chinese market. In order to do so, we must continue to invest every year in new facilities, and to make a lot of efforts to quickly reach the expected performances.

Photo by Brook Wang

French construction giant Lafarge, a world leader in building materials, holds top-ranking positions in all four of its businesses: cement, aggregates and concrete, roofing and gypsum. Lafarge now runs these four types of business in China and operates cement business in Beijing and four provinces of southwest China: Sichuan, Chongqing, Guizhou and Yunnan

Interviewee: Anders Brostrom
Title: President
Company: Akzo Nobel (Asia) Ltd

Photo by Wu Bing

Akzo Nobel: wealth of cultural diversity

By Huang Daohen

Q: As the head of Akzo Nobel China, you must have made some strategic decisions that significantly affect its operations. Would you like to share them with us?

A: Akzo Nobel has adopted a business-unit (BU) structure throughout its worldwide operations. The merit of this decentralized approach is that each BU is very dynamic, focused and agile. Prior to undertaking my current role as president of Akzo Nobel China, I was based in one of the BUs. I realized early in the game that the BU approach can maximize its advantages, especially if supported by a unified human resources initiative. Therefore, when I took the helm of our China operation, I immediately recommended launching a far-reaching leadership development program. Managers from all BUs are required to participate and be trained in accordance with a common values platform.

This program is, I am happy to say, proving to be a huge success. All of our BUs in China now benefit from an abundance of professional talent that shares common values.

Q: What is your understanding of the Chinese market?

A: Akzo Nobel, and also myself, personally, are attracted to the Chinese market largely because of its immense potential. To put this in perspective, our company has set a goal of grossing US$1 billion in the China market by 2010. This target was initially regarded as a bit too ambitious only a couple years ago, but it now seems that it's within reach! We all understand that China is quickly becoming one of the major, if not the most important, driving forces of the global economy in the 21st century.

Q: How do you perceive cultural differences between various nationalities, and how do you deal with cultural management?

A: Being open-minded, respectful and looking for common ground are the keys to successful cultural management.

I dare say that Akzo Nobel is a paradigm of good cultural management. We are not a Dutch, German or American company; we aim to be a truly international corporation. Akzo Nobel has become even stronger as a company through valuing and leveraging our cultural diversity to the benefit of all parties.

Q: Hans Wijers, chairman and CEO of Akzo Nobel, visited China this year. He said China is expected to become the largest coating market for Akzo Nobel globally in about two to three years. How will the company further develop its business in this market? What are its specific plans?

A: Yes. We see great potential for all our business activities in China, especially coatings and chemicals.

In China, we already has market leadership positions in marine and protective coatings and powder, coil and wood coatings.

We are highly active in China in decorative coatings, which at present account for 50 percent of the market, driven by extensive property development.

For our chemicals business, Akzo Nobel has announced plans to establish a multi-site operation. We have just opened a new paper chemicals plant in Guangzhou. Our surfactants business has also formed a strategic alliance with Feixiang Chemicals (Zhangjiagang) Co Ltd, China's leading specialty surfactants supplier.

Based in the Netherlands, Akzo Nobel is a multicultural organization that serves customers throughout the world. The company employs around 62,440 people and focuses its activities on four areas: human and animal health, and coatings and chemicals. It is subdivided into 13 business units with operating subsidiaries in more than 80 countries.

BEIJING TODAY Editors: Hou Mingxin Zhang Nan Designer: Yang Gen

More and more Fortune 500 companies are working to do business in an environmentally friendly way.

Electrolux seeks better development in China

Interviewee: Chialing Hsueh
Title: CEO
Company: Electrolux China

Sweden-based Electrolux is a global leader in home appliances and appliances for professional use. The company sells more than 40 million products to customers in 150 countries every year.

In 2006, Electrolux China CEO Chialing Hsueh has made efforts to seek better development for the company in China. She became president of Electrolux (China) Home Appliances Co Ltd in March 2005.

By Qiu Jiaoning

Positive changes in 2006

Chialing Hsueh, CEO of Electrolux China, has successfully accomplished brand reconstruction, renewal of sales networks and reformation of organizational structures during the past year.

"Our company has been very active both in marketing and branding in 2006. We launched a new campaign to get our products to reach their targets," Hsueh said, "We had a large TV advertising campaign. The Electrolux brand has been enhanced and well-received in Chinese consumers' minds. And we have seen there is a lot of room for innovation in the Chinese market."

Electrolux launched the new slogan, "Thinking of You," to emphasize its strong R&D dedicated to generating more products drawn from consumer insight, and to innovation. "Electrolux has always thought about customers, and our thoughtful and considerate service is the key to keeping consumers happy. These things are what 'Thinking of You' is about!" Hsueh said.

Hsueh said Electrolux's global platform and local consumer insights are a great basis for the company's further success in China. Electrolux's global R&D centers put forward many blueprints of new concept products after doing market research on local consumers.

Make a long-term commitment to China

"China definitely has a very important role in the world market; China is our focus market, and our sourcing and production base. Our company has a long-term commitment to China," Hsueh said.

Sourcing in China is an integral part of most companies' global strategies. Electrolux has decided to expand its purchasing from China in particular since 2005. The value of Electrolux's raw material and semi-production procurement in China reached as much as US$1.2 billion in 2006. The figure is expected to hit US$1.8 billion this year.

Hsueh said the Chinese home appliances market is one of the largest and most important in the world, and Electrolux will continue to develop the local market and invest in an export base for worldwide operations.

"Our Asia kitchen R&D center is located in Hangzhou, and it has played an essential role in Electrolux. The establishment of an R&D center needs vast investment and technology support, so this is a concrete example of Electrolux's confidence and commitment," Hsueh said.

Electrolux is committed to China through a long-term strategy of investment.

"If we want to become the largest provider of household appliances in the world, we must have a strong presence in China. Our goal is to become the number one international brand in China in every product category that we have chosen to enter," Hsueh said.

"As a world leader in household appliance manufacture, Electrolux always has the future in mind. Everything we do is about caring for the needs of customers," Hsueh said.

Paying more attention to consumer insights, providing products that consumers really need and those can solve their problems and bring them more convenience – these are the keys to success in any electronics company, Hsueh said.

Challenge and difficulties

"China is fast-developing: consumer demands, markets, products, channels – everything is changing! Our biggest challenge is to adjust ourselves to meet the pace," Hsueh said.

"We have to go fast – to fine-tune ourselves better than other companies," Hsueh said.

The company just held a trade conference last month, to which it invited real estate traders and built-in appliance dealers; it is trying to enlarge its market and widen its sales channel, and to seek better development in China.

Hsueh regards teamwork as the most important executive ability. "A manager is supposed to take more pressure and responsibility than common employees. I want to build a highly effective team, so team spirit has to be part of my work ethic," she said.

Photo provided by Electrolux China

Sharp: we still have a lot to do here

By Chu Meng

Interviewee: Isao Sakai
Title: General Manager of Corporate Planning
Company: Sharp Electronics Sales (China) Co Ltd

Q: What most attracted you to working in the China market?

A: Sharp's latest survey shows that the Chinese household appliances market will grow 4.5 percent annually through 2010 and become the world's largest. Gains will be driven by low penetration rates, healthy household formation and replacement demand. Cooking appliances will remain dominant and grow the fastest, followed by dish sterilizers and dishwashers.

This study analyzes China's 111 million unit major household appliances industry. It presents historical demand data for 1995, 2000 and 2005, and forecasts to 2010 and 2015 by products such as stovetops, microwave ovens, refrigerators, freezers, washing machines, dryers, dish sterilizers, dishwashers, and includes urban and rural consumers.

Q: Since last year, Sharp group began to reintegrate its business structure worldwide. How has the company performed since then?

A: Since business extension, we've begun to ponder how to optimize resource allocation, including R&D strengths, labor, investment targets and marketing promotion. Since reintegration, Sharp has remarkably enhanced efficiency. We save energy for the most needed and most profitable areas.

For example, when it comes to flat-screen TVs, six inches can be a big deal. Sharp's 108-inch Liquid-Crystal Display (LCD) screen was revealed in January 10 at the International Consumer Electronics Show in Las Vegas, America. Sharp wrested the crown from Samsung Electronics, which introduced a 102-inch plasma model at last year's show.

Q: What will Sharp stun the world with this year?

A: In 2007, we still have a lot of things to do, like continue innovating in our LCDs. Sharp also announced technological improvements to enhance LCDs' high-speed movement, and to cut down on the staccato image trails that have made LCDs less smooth than plasma screens.

Q: How do you team up Japanese and Chinese employees with different cultural backgrounds, and lead them work together efficiently and happily?

A: Sharp has its own personnel education and training systems, which are integrated with the corporation's management concepts.

First, Sharp introduced the Sharp Leadership Program in 2001 in China as an educational system targeting all employees, both Japanese and Chinese, from younger staff members in semi-managerial positions to those in supervisory positions, with the goal of systematically nurturing management personnel.

Second, Sharp implemented "The Challenge Course," particularly for younger staff members in semi-managerial positions, to foster the abilities of younger employees who will play a central role in future global business. In this program, the company sends highly motivated employees to overseas sites to study foreign languages and gain work experience. Dispatch regions in 2006 included the US, Germany, the UK, Italy, Spain, the Philippines, Indonesia, Thailand, India and Japan.

Last, Sharp has a number of job rotation systems that bring out the best in its employees while furthering their careers. Under Sharp's Personnel Declaration and Career Development System, once a year, all employees must document a career development plan and their job aptitude. Sharp then uses this information to develop skills and organize job rotations. Sharp also implements a Career Development Rotation to give employees the opportunity to experience multiple types of jobs. The aim is to systematically foster "T-shaped" personnel who balance expertise and a broad, intellectual horizon.

Q: Could you explain Sharp's "Super Green Strategy"?

A: "Super Green Strategy" means a lot to Sharp. It includes: Super Green Management, Super Green Factories, and Super Green Recycling.

Super Green Management aims to develop unique environmental technologies. Sharp is steadily improving environmental sustainability, and the commitment of its employees to environmental conservation.

Super Green Factories refers to factories with a high environmental consciousness. Sharp is raising environmental awareness at its production sites all over the world, and plans to convert all domestic and overseas production sites into Super Green Factories or higher by the end of 2007.

Super Green Recycling makes us use products effectively. Sharp is engaged in the recycling of various used products.

Photo by Wu Bing

Since its founding in 1912, Sharp Corp has continuously opened up new areas of industry like consumer electronics products, information system products and home appliances.

In China, Sharp has Nanjing Sharp, focused on AV products, Changshu Sharp, focused on IT products and Shanghai Sharp, focused on home appliances.

BEIJING TODAY Editors: Hou Mingxin Zhao Hongyi Designer: Yang Gen

Although some Fortune 500 companies have been in China for a long time, there are still some local regulations, for example restrictions on construction and 3G licensing which make it hard for to expand their business here.

Interviewee: Derek Sharp
Title: Managing Director
Company: EDS (China)

EDS: relocating Asia-Pacific center to China

By Annie Wei

Q: What strategies do you consider important for the Chinese market?

A: Our strategies are to establish a sizable Best Shore operation in China to deliver high-quality, low-cost service, to leverage our global expertise and our experience servicing multi-national clients and to aim for organic growth by adapting our global knowledge and expertise to the local market's specific needs and wants.

Q: What strategies brought the biggest profits to your Chinese operations? Could you please give us a detailed example?

A: Since being launched in 2006, our Best Shore program has made tremendous progress. Now, with a talented team of over 300 people who moved from Infosys last year, we are supporting Japan Insurance Company and other multinational companies in Shanghai. This year we will set up two global service centers (GSCs) to boost our rapid growth.

Q: What was the main reason for EDS' decision to move its head office to Shanghai?

A: To continue the rapid growth of EDS' business in China while meeting the needs of our multi-national and leading Chinese clients, we decided to locate the company's Asia regional headquarters in Shanghai. This year we selected China as one of a handful of countries in which EDS will set up its GSC. EDS has identified [Wuhan and Chongqing] as strategic growth markets in the near future, and we plan to recruit up to 2,000 new staff for each of these GSCs.

Q: What do you think of how Fortune 500 companies have developed in China the past 30 years? What problems will these companies face in the future?

A: China is a huge potential market that no ambitious company can ignore. It's now well known that the China market is a very different market from most others. Different markets require different skills. A global leader cannot become a leader in China without making special efforts. For a long while, many international companies struggled to make a profit here. Fortunately, some of them have discovered the way to win in this market after realizing the importance of combining global expertise with local knowledge.

Photo provided by EDS (China)

EDS is a leading global technology services company delivering business solutions to its clients. It has more than 40 years experience in information technology outsourcing. Now, it has approximately 117,000 employees worldwide, and had more than US$20 billion in revenue in 2005.

EDS began operations in China in 1992. Last year, it relocated the company's Asia headquarters to Shanghai, and announced its choices of Wuhan and Chongqing as GSC locations this year.

NTT: patience, relations and contributions

By Zhao Hongyi

Q: What's the function of your office here in Beijing?

A: Our mission here is to expand businesses, and through them, develop new markets in China. Secondly, we are cooperating with Chinese partners in adopting international telecommunications standards and to encourage Chinese partners to apply the results of our research.

Q: What issues are your greatest concern?

A: My focus is how to use the 2008 Beijing Olympic Games and 2010 Shanghai Expo to enhance our business.

We've strongly recommended that the central government and the Shanghai municipal government introduce advanced IT technologies at these historical points.

We are trying to find every possible business opportunity now. We also want to introduce HDTV broadcasting technology.

Q: What's NTT's principal for operating in the Chinese market?

A: Our first goal is to win "reliability" from China, and then to make contributions to China before and throughout every business project.

Q: What is the biggest achievement your office has had so far?

A: We're proud of providing the banking system (software products) that will debut in the China Post Saving Bank and the People's Bank of China. The systems are now managed and maintained entirely by the Chinese companies themselves.

Q: What difficulties?

A: Besides searching for business opportunities, NTT hopes to find potential and reliable business partners in China.

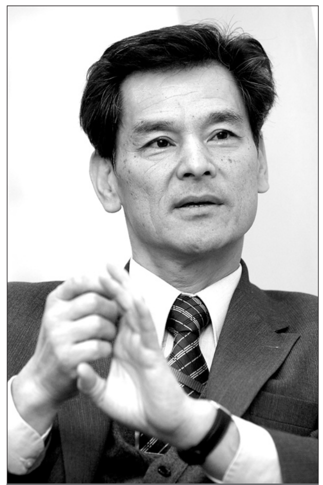
We want to expand our portal and content businesses with Chinese partners, to utilize our R&D products and to incubate these into big and reliable businesses.

Also, NTT has a long experience in providing 3G mobile service and products. NTT's affiliate DoCoMo has more than 30 million 3G subscribers in Japan.

Q: What suggestions would you give your Chinese partners when they explore foreign markets?

A: Three things are the key: patience, good relations and contributions. I already talked about the first two, but contributions are also very important. You must view yourself as a member of the local community and contribute to it while conducting business. The commitment of automobile companies to environmental protection is one example.

Photo by Tian Yufeng



Interviewee: Shusuke Masaki
Title: Chief Representative and General Manager
Company: NTT Communications Corp, Beijing Office

NTT is a telecommunications services provider and a leader of IT solutions, both within Japan and worldwide. The corporation has 8,950 employees around the world.

Shusuke Masaki came to NTT's Beijing office as the chief representative in April last year, but before that, he was involved in overseas activities for many years.

VINCI: risk management keeps us on top

Interviewee:
Jean Louis Thouret
Title: Chief Representative
Company: VINCI Construction Grands Projects (Beijing)

By Jiang Xubo

Q: What's been VINCI's secret in achieving rapid and sustainable development these years?

A: Good management and an understanding of what risk is. We only select projects after surveys and deep risk analysis.

Q: What's the most important thing for VINCI's global development?

A: Before we go into a new country, we have analyzed the financial risks, tax risks, fiscal risks and political risks.

Q: What are your general ideas about China market?

A: Everybody knows there is a construction boom in China, and Chinese contractors, especially the big ones, like China State Construction Engineering Corporation and China Communication Construction Group, are very good. The list could be very long. They are well-managed and reach excellent quality levels.

Q: What does the Beijing office mean to your company's global strategy?

A. This office means only one thing – that a large company like VINCI must be in China.

On top of that, the strategy is to be a Chinese partner.

Q: What are the most important tasks for you at present?

A: The most important task for the moment is to find strategic Chinese partners who are able to work with us both in China and overseas.

Q: VINCI was the management advisor for the Olympic National Stadium, one of the major Olympic venues. Can you tell us more about the cooperation?

A: We were very lucky to work with partners like BUCG, CITIC and others on this project.

After the Olympic Games, the stadium will be the new symbol of Beijing. We have the Eiffel Tower in Paris, and now you will have the National Stadium.

Q: VINCI set up this office in 1988. Why is it still an office only?

A: Before 2002, we could work in China on a project by project bases. New regulations authorized cross border contracts. We don't need a legal entity in China. Our office is enough for the expansion.

Photo by Hao Yi

VINCI is the world leader in concessions, construction and related services. VINCI Construction – like VINCI Concessions, VINCI Energies and Eurovia – is one of four divisions of VINCI.

VINCI Construction brings together an unparalleled array of competencies in building, civil engineering, hydraulic engineering and maintenance. VINCI Construction Grands Projects, which focuses on major projects inside and outside France, is one VINCI Construction's seven divisions.

In 2006, some Fortune 500 companies adopted the strategy of joining with other giants in China. Bertelsmann chose to partner with Carrefour, putting its stores in theirs; McDonald's is cooperating with Sinopec, and Metro's has a deal with Sinotrans.

Bertelsmann Direct-Group: big name you won't have heard

Interviewee: Bryan D Ellis
Title: President
Company: Bertelsmann Directgroup China

By Chen Shasha

Q: Could you describe the localization measures that your company has taken over the years?

A: Before I came here, I worked in America. Our book club in America is more than 75 years old, although we have only been in China for 11 years.

The economy in the two countries is quite different. The foundation I learned in America was very analytical, process related, management related, but these things didn't apply in China because the market here is so different.

When our company first came here, the business model we used was from Germany. For example, every three months our club members have to order a book; if you didn't choose one yourself, we would help you and pick one for you. But that model didn't work in China.

So when I arrived, the first step I took was to get rid of it. Second, our business model in America is: we send you the books, and you pay later. But that's a little difficult in China. When we came to China, Chinese people would send their payments via the post office's money wire service. Credit cards are not widely used here.

So we created a prepaid card, solely for the China market, with four different values of 100 yuan, 200 yuan, 300 yuan, and 500 yuan. With the card, members can enjoy discounts and activities in our club, and choose books any time they want. They don't have to go to the post office. Also, the card is related to children's charity. When each card is purchased, one yuan is devoted to the charity.

Q: Bertelsmann is famous for decentralized management. Does it affect brand recognition?

A: Good question! Globally, hardly any of our brands use the name Bertelsmann. We don't rely on any single one of our companies. This is quite different from other companies. Bertelsmann grew to the international media company it is today through successful acquisition and integration of various media businesses which have reputable brand names. What Bertelsmann considers is how to further leverage their capacity, not re-brand their names, which is non-cost efficient.

Q: What principles do you follow when choosing books for the Bertelsmann book club in China?

A: First, we look at the best sellers in the market. Second, we will focus on those we think should be best sellers, and we will try to make them that. Thirdly, we will look at what books are selling overseas and see if there is any way we can bring them here. We also pay attention to books on new theories.

Q: Why did you select Carrefour as your partner? How do you select the locations of your stores? How many Bertelsmann stores are there in Beijing?

A: Carrefour is a supermarket chains; they are expanding quickly, and they have a very good brand name, and we have had a good relationship with them in the past. We planned to open more stores in 2006, and it suits us to put them in high-traffic malls. According to our agreement on exclusivity, both parties shall not create partnership with other competitors. Carrefour shall not accept any other book retailers to open stores directly or otherwise in its shopping malls (in the Chinese mainland), where there are Bertelsmann book retail stores, and Bertelsmann book retail stores shall not enter any other hypermarkets in Chinese mainland.

We currently have 42 stores in 20 cities around China, with 22 inside Carrefour branches. In Beijing, we have three.

Photo by Qian Yong

One of the world's leading media groups, Bertelsmann came to China in 1995, and was one of the first foreign media organizations to do so. The company has expanded greatly during its ten years in the Chinese market.

The Bertelsmann book club has 1.5 million Chinese members. Through a multi-channel sale system – catalog, website and nationwide stores – the book club provides the latest media products to Chinese readers.

Famous for its decentralized management in other markets, Bertelsmann adopted the same strategy in China. At present, RTL, through its TV production unit, Fremantle, creates local Chinese formats with the potential to bring content to a broader worldwide audience.

In 2003, DirectGroup acquired shares of the 21st Century Book Chain to build the first nationwide JV Book Chain in China: Beijing Bertelsmann 21st Century Book Chain Co Ltd. It was the first foreign acquisition in China's book industry. In 2005, DirectGroup China started a joint venture with Liaoning Publishing Group, the first joint venture book distribution company in China. Meanwhile, the world's largest trade book publisher, Random House, which belongs to Bertelsmann group, is also actively exploring opportunities in China.

Carrefour: partnership is the key

Interviewee: Jean-Luc Chereau
Title: President
Company: Carrefour China

By Zhao Hongyi

Jean-Luc Chereau has lived in China for seven years, devoting all his time and energy to taking care of his Carrefour empire.

During his stay in the country, the number of Carrefour hypermarkets has increased from 17 to 92, plus a further 242 discount stores.

Q: Why is your headquarters in Shanghai, not Beijing?

A: We have 92 hypermarkets in 31 cities and provinces, from Harbin in the north to Zhuhai in the south, west to Urumqi and east to Shanghai. Shanghai is geographically in the center.

Secondly, we purchase most of the items we sell in the Yangtze River Delta.

In fact, we have four sub-headquarters in Beijing, Guangzhou, Chengdu and Zhengzhou.

Q: What are the business concepts and tactics Carrefour employs here?

A: Our concept and tactics is "International concept + localization".

Q: Any difficulties?

A: China is growing fast and we hope to open more stores, so we expect more licenses by the government.

Also, we hope to have more parking space at our hypermarkets in Beijing, as more Chinese families have cars.

Q: What are the most satisfactory aspects since your company invested in Beijing?

A: We are satisfied with our progress in Beijing since we opened our first Chinese hypermarket in Beijing in 1996.

We are most satisfied with the relations with the municipal government, which has provided tremendous support to us over the past decade.

Q: What is the toughest problem your company has come up against in Beijing?

A: Having a good partner is very important to your business expansion.

In Shanghai, we have enjoyed very good cooperation with Lianhua Hypermarket from the very beginning.

Q: What suggestions would you offer the mayor of Beijing through Beijing Today?

A: Carrefour's chairman is a member of the Beijing mayor's advisory board. So, we can meet him twice each year at least.

At the last meeting with the mayor, we raised two issues for consideration: sustainable development and traffic jams.

To solve these problems, we recommended a "green" approach in every aspect and facet of daily life and business. Carrefour will open the first "green" store in Beijing before the Olympic Games.

To reduce the traffic jams, we recommended regulating the number of cars on the streets each day and an urgent increase in public transportation facilities and an expansion of the network.

Q: Can you give Beijing a suggestion to promote and stimulate the local economy by using the opportunity afforded by the 2008 Beijing Olympic Games?

A: As I mentioned earlier, building and enhancing the public transportation network is not only good for the Olympic Games, it's even more vital as a way to stimulate the economy.

For instance, Carrefour is heading out to rural areas to locate more new hypermarkets and stores. A convenient transportation network is very important to attract customers.

Q: Why did Carrefour choose to invest in China? What strategy adjustments will you make?

A: No one can forget China, especially in business. We'll continue the momentum of opening new markets here, but will head more to the rural areas, more specifically, to new residential communities, satellite towns, small and medium-sized cities.

In this process, we'll continue to bring international business concepts to China. We'll learn more from our partners and adopt more local practices.

Q: Any competition from the rivals in China?

A: Carrefour has 40 years of experience in merchandise. We have a global purchasing and logistics network.

In China, we have a decade-long cooperation with our local partners and engagement in the local market. Wal-Mart, Metro, and B&Q have different business styles.

In terms of local rivals, such as Lianhua, Jingkelong and Wu-Mart, we have our niche and unique international background and experience.

Q: What did you overestimate before coming to China? And what did you underestimate?

A: Before coming to China, I didn't expect Chinese consumers to have such a high capacity for consumption.

Today, compared with the other Carrefour hypermarkets around the world, we have the most customers in China.

Photo by Zhao Hongyi

Carrefour is the largest retailer in Europe and the second largest worldwide. It has four business formats: hypermarket, supermarket, hard discount store and convenience store.

Carrefour has a presence in 29 countries and regions and has 436,000 employees worldwide.

Carrefour came to China in 1995 and opened its first hypermarket in Beijing.

So far, the group has opened 92 hypermarkets and 249 hard discount stores in the Chinese mainland.

Interviewee: Jeffrey Schwartz
Title: CEO
Company: McDonald's China Co., Ltd.

McDonald's joins hands with Sinopec

By Chu Meng

Q: What position does China occupy in the global market for McDonald's?

A: Our operational figures back in December 2005 already showed us that the Chinese market had become one of the top eight for McDonald's worldwide. It will jump up to top five in the very near future, because McDonald's has been following a policy of large-scale expansion in the Chinese market since July 2005. It has actually long been the largest potential market, and will remain so in the future.

Q: McDonald's Drive Through Shanghai restaurant opened early in 2006, becoming one of only 17 drive-through restaurants in Mainland China. What does this cooperation between McDonald's and Sinopec (China Petroleum and Chemical Corporation) mean for McDonald's China market?

A: This agreement signed between our two Fortune 500 companies aims to accelerate business development for McDonald's in China and strengthen the sales and service of Sinopec's non-oil products. Sinopec and ourselves share the goal of developing new outlets in medium- and large-sized cities in China. Burgeoning car ownership in the country will provide huge opportunities for drive-through business.

Our initial focus is on Sinopec's service stations in Beijing, Shanghai and Guangzhou, but the outlets will not be limited.

McDonald's is eyeing Sinopec's retail network, as China's largest producer and marketer of both wholesale and retail oil products currently operates more than 30,000 service stations throughout China and continues to grow at a rate of approximately 500 new outlets annually.

Q: Since the opening of the first China McDonald's restaurant in Shenzhen in 1990, a total 780 restaurants have now opened across the country. However there is only one franchise restaurant, in Tianjin. Why is McDonald's so cautious about the development of franchising in China?

A: There is absolutely not any barrier from the government side. In fact, the Chinese government is quite supportive of the development of franchising businesses. Though there is currently only one franchise outlet in Tianjin, another five would-be franchisers are undergoing McDonald's professional training. They are promising to write a brand new page in China's franchising business history.

Since the Commerce Ministry gave McDonald's formal approval to begin franchising early in 2005, we have been planning franchising operations in China and expect to develop about eight to ten franchises in the country by 2010.

Franchising in China will improve our return on assets, and that translates into higher margins and profits. It allows McDonald's to collect rent, royalties and trademark fees from restaurant operators. The mode has become the most efficient way to expand business worldwide for McDonald's. Earnings statements show it accounted for about two-thirds of McDonald's operating profit in the US last year,

China has been somewhat smaller for McDonald's. If we can make similar progress in a huge market like China, that may prompt investors to look at the business with fresh eyes. I believe China is now ready for franchising because the country now has a bigger pool of educated people with business experience that can be tapped to run restaurants.

Q: Building up a healthy local pool of talent and a training system was another essential part of the logistics chain. Could you explain your understanding of fostering local talent and management?

A: McDonald's China has done excellently in terms of logistics. When McDonald's opened its first restaurant in China in 1990, all it had was a single meat production plant. The rest of its products were brought in from elsewhere and subject to hefty import duties.

It was not until 1999 that McDonald's was able to supply all of its restaurants in China with fries made from Chinese-grown potatoes. That came 14 years after McDonald's and its primary French fry supplier, Boise, Idaho-based J R Simplot, invested in the creation of a commercial potato farming industry where there was none.

Today, nearly 96 percent of the products sold in McDonald's 780 restaurants in China are produced at 43 facilities in the country. Our supply chain is far larger than those restaurants require. For instance, the company uses only two-thirds of the French fry capacity available to it in China.

Q: You have said last year that one of the most important tasks in the Chinese market was to cultivate a Chinese CEO. How do you select, cultivate and evaluate successors for senior management positions?

A: Having Chinese executives who understand the culture and politics of doing business in this emerging market is critical for McDonald's future success in the country. Knowledge of the culture would help to foster trust between the Chinese government and McDonald's. In a few more years, McDonald's China will be run entirely by Chinese. It has to be.

Photo by Kiki Wang

The first China McDonald's restaurant opened in Shenzhen in Southeast China in 1990. Now there are 780 in towns and cities across the country. About 99.97 percent of the company's total 50,000 employees in McDonald's China are Chinese. Investment to date has reached US$500 million.

Metro's 10-year success story

By Chu Meng

Q: In Metro's global territory, where does the Chinese market lie?

A: Asia and Eastern Europe are the most important regions for Metro Group. We consider China as a key field for expansion.

China was our first step into Asia back in 1996, and our progress in China shows that we are on the right path. Today we are also active in Vietnam, Japan, India; and from 2007 onwards also in Pakistan.

We will continue to push ahead with our expansion in Asia's biggest emerging market. China, with no doubt, is one of the most important strategic markets for us.

Metro Group has planned and invested in China for the long term. We knew that we would have to show patience and financial strength. We have learned that the Chinese market is very demanding and challenging, but at the same time very promising. Let me take this opportunity to emphasize: your country plays a strategic role in the further internationalization of our company. For the future, we have ambitious plans: The target for our expansion is to open 6 to 10 new cash & carry stores each year.

Q: On November 1, 2006, Metro Group announced the opening of its second store in Beijing. What status does the Beijing market have for you as part of Mainland China overall? What opportunities does Metro see in Beijing?

A: As the political, economic and cultural centre of China, Beijing occupies a vital position in leading the development of the national market and is obviously a key area of focus. The opening of the first Cash & Carry self-service wholesale store in the city on July 28 last year marked a milestone in our expansion in China, and also a highlight to our 10-year success story in the country.

A market entry as well as the process of expansion always takes time. It is obvious that there is a limited number of available land plots in the city, but we are working together with the city administration, and we are also ready to view any other possibilities on the market. And we appreciate the co-operation of the local government, which fully supports our business model.

We plan to open a total of four Cash & Carry wholesale stores in Beijing before the Olympic Games in 2008. We are on track with our expansion plan and see a huge potential for our business.

As the capital of China, the market of Beijing is very demanding with numerous commercial customers. We see it as the most important and strategic market of our business in China. On the other hand, this market is also quite challenging for us.

Q: The company established Metro's first global "Training Kitchen" in Shanghai. What is the Training Kitchen's mission?

A: Metro Cash & Carry International set up the House of Training Shanghai Campus in 2004, which delivers training courses to Metro China employees at different levels with an objective of passing skills "from professional to professional." One major highlight of the Shanghai Campus is the demonstration kitchen. This kitchen will serve as a valuable bridge between suppliers, customers and Metro Cash & Carry employees in China. The demonstration kitchen will play a very important role by offering product knowledge to Metro Cash & Carry employees, and also in testing selection of ingredients, freshness retaining skills and western cooking.

Since Metro's first Training Kitchen began in 2004, it has provided our professional customers with various training including information about merchandise and lectures on different Chinese and Western cooking styles, which have won it a good reputation among Shanghai restaurant professionals.

Q: Metro is pioneering the introduction of Hazard Analysis and Critical Control Point Program, the international food quality control system, in the Beijing market, to put strict control requirements on food receiving, storage, processing and transporting, and also cleaning and garbage disposal. Could you explain how this program works?

A: This system will allow hospitality workers to assess risks, analyze their frequency and seriousness, and implement preventive measures for overcoming them, in order to ensure healthy, tasty food.

Strict controls have ensured that thousands of types of food are safe, reliable and of good quality, which Metro has always seen as of the utmost importance.

Q: Could you talk about how you built up a localized logistics chain?

A: In the past 10 years, Metro China has made significant progress in logistics.

In 1996, when our first store opened in Shanghai, we had only one type of goods flow, direct store delivery, which depended entirely on the supplier's logistics capability.

In 2003, Metro China introduced a national Dry Food/Non-Food Distribution Center, which helped us to closely monitor and manage logistics operations.

On November 15, Metro China clinched a strategic cooperation deal with Sinotrans.

Metro decided to introduce to China its already well-developed procurement logistics solutions, which has proven successful in other countries, in a bid to integrate its logistics system in China. Under the deal, Sinotrans will build a logistics network of nine warehouse hubs and dozens of transport routes to cover Metro's 33 stores nationwide. The network will provide a stable, highly efficient and economical logistics service and management system between dry-food and non-food suppliers and Metro.

Interviewee: Jean-Luc Tuzes
Title: President & Member of Management Board
Company: Metro Jinjiang Cash & Carry Co., Ltd.

Photo by Kiki Wang

Metro has been in China for more than 10 years, since opening the first Metro store in country in Shanghai in 1996. There are now 33 Metro stores in 28 cities

BEIJING TODAY Editors: Hou Mingxin Chu Meng Designer: Yang Gen

Owning a car is no longer a dream for the new Chinese middle class. China is now the second largest auto market after America. No car makers can neglect this huge and fast-growing market. Meanwhile, related industries such as tires, accessories and spare parts manufacture are also looking to increase sales in China.

Ford: running ever faster

Interviewee:
Mei Wei Cheng
Title:
Chairman and CEO
Company:
Ford Motor Company China

By Chu Meng

Q: Your most recent report in January said that Ford Motor Company China has year-on-year growth of 86.6 percent for the full year of 2006, outpacing general growth rates in the industry.

Do you feel satisfied with those figures?

A: Ford Motor Company's affiliated brands, including Ford, Lincoln, Jaguar, Land Rover and Volvo Car, reported 2006 full year retail sales of 166,722 units, 86.6 percent higher than 2005.

I am very pleased to see that 2006 turned out to be a year of accelerated business expansion and significant sales growth for Ford Motor Company China.

The China market is a critical part of our plans for building a stronger Ford Motor Company worldwide. By working closely with our partners, we laid out a robust strategy to become one of the key auto players in the China market.

These outstanding 2006 results clearly indicate that we are on the right track to achieve that goal.

Chang'an Ford Mazda Automobile Co Ltd, Ford's passenger-car joint venture in China, registered record retail sales of 129,790 units of Ford brand vehicles, up 112.7 percent on the company's sales in 2005. The company is now one of the fastest growing auto makers in the country.

The Ford Focus was last year's most significant product success for Chang'an Ford Mazda Automobile, with retail sales totaling 78,430 units, making it one of the top selling models in the C segment market. In the single month of December, 13,955 Ford Focus units were sold, setting a new single model monthly sales record for Chang'an Ford Mazda Automobile. The 2007 Model Year Ford Mondeo hit Chinese dealer showrooms in November of 2006 and has been getting a warm response from the market ever since .

Q: How long after S-MAX's debut at the 2006 Beijing Auto Show will it come onto the Chinese market?

A: I will let you in on a secret. It will be scheduled for production at Chang'an Ford Mazda this spring. By that time the Ford S-MAX will bring Chinese consumers a range of new driver-focused technologies plus innovative approaches to seating, stowage and flexibility.

In terms of Chinese consumers' reaction, it is really hard to tell, but through my working experience in China's market, my feeling today is that expectations far outstrip the simple need for a car to take them from point A to point B. They want style, energy, versatility and personality.

Photo provided by Ford Motor Company China

Ford Motor (China) Ltd was established on October 25, 1995. Meiwei Cheng is the company's current chairman and CEO.

In 2001, Ford Motor Company and Chang'an Automotive Group established Chang'an Ford Automobile Co. Ltd. in Chongqing.

On September 27, 2005, Chang'an Ford Mazda Engine Co Ltd, a joint venture of Chang'an Automotive Group, Ford Motor Company and Mazda Motor Corporation, held its launch ceremony in Nanjing, Jiangsu. Scheduled to formally begin mass production in early 2007, the new company will supply advanced engine products primarily to the assembly plants of Chang'an Ford Automobile Co Ltd in Chongqing and Nanjing.

Peugeot: innovation and foresight

Interviewee:
Dossal Jean-Yves
Title: Director General
Company: Peugeot China

By Zhao Hongyi

At the 2006 Beijing International Auto Show held last November, *Beijing Today* interviewed Dossal Jean-Yves, Peugeot China's director general, and Frederic Saint-Geours, Peugeot's Paris-based chief executive officer.

"We're studying the market here very hard," Dossal said. "We used to produce a five-door Peugeot 307. But market analysis showed us that Chinese consumers prefer the Peugeot 206 for personal use and the Peugeot 307 as a business car. Therefore, we decided to make a four-door Peugeot 307."

The Peugeot 307 has sold 40,000 so far in China, with the Peugeot 206 reaching sales of 30,000 units.

"We are confident we will meet this year's 80,000 sales target," Dossal said.

"But it's only five percent of China's total estimated 4.2 million new car sales," Frederic Saint-Geours, Peugeot chief executive officer from Paris, was quick to point out.

Saint-Geours seems satisfied with the way his sales network is being built in China. The team consists of 250 agents, 110 of which are in standard "Peugeot Blue Box" style.

Peugeot is building a second plant, which will start production in 2009, in Wuhan. French President Jacque Chirac laid the foundation for the new plant during his visit last October.

The men declined to disclose which models the new plant will manufacture.

"The only thing I will say is that the models will be higher-end and more luxury," Saint-Geours said.

Worldwide, Peugeot has a modern image despite the company's 100-year history. Its products are associated with romance, power, sophistication and reliability, selling more than two million cars worldwide each year.

Asked why Peugeot has been so reluctant to launch new models in China, both declined to respond, reiterating instead that the two models already launched have been very successful over the past 28 months and that there are plans for new models to China. Peugeot expects its production in China to reach 300,000 in 2008.

Dossal is optimistic about market prospects. "China's auto market volume can reach 6 million in three to four years, a point where market demand will further diversify."

Dossal gave his view of the overall picture.

"China is a huge market and also a complicated and rapidly changing market," he said, "We are preparing the best products and services to meet the challenges ahead."

"One thing is for sure: we will stay here and develop together with this market," Dossal said.

Photo by Zhao Hongyi

In 1974, Peugeot acquired Citroen, creating an automobile group with two distinct brands.

After a failed joint venture in Guangzhou in the 1980s, at the turn of the new century Peugeot joined hands with the Dongfeng Motors, and over the past two years has brought the Peugeot 206 and Peugeot 307 to China.

Renault: sets new targets

By He Jianwei

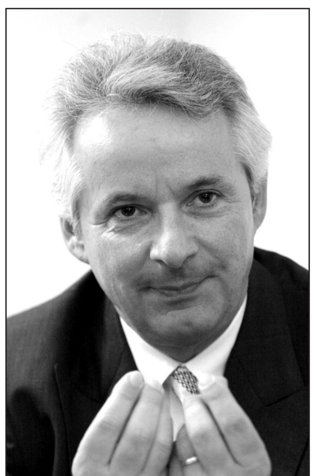
Patrick Debrot, former Renault's president in the Asia Pacific region, talked to *Beijing Today* during the 2006 Auto China expo at the China International Exhibition Center last November.

Renault had not shown at the Auto China expo for six years. Asked why it had returned in 2006, Debrot said, "The primary reason is that the Chinese market is very important for Renault, and China will be the second largest market in the world."

Debrot said that another reason is that it is important to know what Chinese customers prefer. "We have two main ways to get information on our potential customers. One is through dealerships, and the other is the motor shows," he said.

Debrot said if there is demand in China, Renault could start to design a car specifically aimed at Chinese customers.

"I feel very disappointed that we can't import. We are successful in Europe, in Japan, and in Australia, so I hope that extending into the Chinese market will also be successful," he said.



Interviewee: Patrick Debrot
Title: Former President, Asia Pacific region
Company: Renault

Debrot believes Renault's focus in China will increase sales and to extend networks.

Renault has, however, abandoned for now its cooperation with Dongfeng Motor Corporation (DFM).

"There is no specific reason why we have suspended our plans. All three sides – Renault, DFM and the local government – should cooperate to discuss the plans," he said.

Today, Nissan (China) Investment Co Ltd is the chief distributor of Renault cars in the Chinese mainland.

"The cooperation is quite helpful. We can learn from Nissan. When the day comes, we'll invest independently (in China)," Debrot said.

Photo by Tian Yufeng

Renault has 130,000 employees and over 100 years of experience in the design, manufacture and marketing of all types of automobiles. Renault continues to expand internationally, its overseas joint ventures including Dacia, Renault Samsung Motors and a recent alliance with Nissan.

Renault had annual sales of 2,433,604 cars worldwide in 2006, down four percent compared with 2005 figures. It sold 3,363 cars in the Chinese mainland last year, up 67 percent compared with 2005. The main reason for the jump in sales is that Renault's sales network in the Chinese mainland has been greatly improved.

BEIJING TODAY Editors: Hou Mingxin Chu Meng Designer: Yang Gen

The boom in China's car industry has had a knock-on effect in related industries, including tire manufacturing. Competing tire suppliers Michelin and Bridgestone both performed well last year. What are their strategies for China?

Bridgestone: exclusive F1 sponsor and its China strategy

Photos by Tian Yufeng

Interviewee: Yuji Takeuchi
Title: Chairman and CEO
Company: Bridgestone (China) Investment Company

By Chen Shasha

Bridgestone is dedicated to building its business and sales channels in China. Last December, they opened their 100th "Car Wings" outlet in Nantong, Jiangsu province.

Bridgestone China has built up a four-tier retail franchise chain to distribute passenger car tires: retail stores, wholesalers, Bridgestone Tire Service centers and Car Wings, its banner outlets. The company opened 50 Car Wings locations in China in 2006, has plans to reach 150 this year and wants as many as 500 in the near future.

Q: Could you discuss the localization measures that Bridgestone implemented during your first years here?

A: Bridgestone now has four factories around China to make local products and supply our Chinese sales channels. The plants in Wuxi and Tianjin make passenger car tires, the Shenyang plant makes truck and bus tires, while the fourth one, our Huizhou factory, produces radial tires for trucks and buses.

Last August, we built a research and development center in Wuxi, Jiangsu province. The mission of the center is to develop local raw materials that meet Bridgestone's standards. In October 2007, we will open a test center in Yixing, Jiangsu province to test our tires, which will be the first one in China.

Second, localized management is important for us. Two deputy managers of Bridgestone China's factories and three sales branch managers are Chinese.

Third, we have a chain of concept stores called "Car Wings," a new retail franchise chain that Bridgestone is building in China to market tires and related products and services, ranging from car repair to car cosmetics. At Car Wings locations, we aim to act as car doctors and car life advisors; the idea is "making your car lifestyle more fun." Before a new Car Wings location is chosen, we do a survey of the local traffic routes, to make sure our customers feel comfortable in store. It's also very important that the manager of a Car Wings understands the Bridgestone philosophy. We established a training center in Wuxi last year, our fifth outside of Japan, America, Europe and Thailand. Our sales network is trained there.

Q: How do you choose your partners?

A: In the past, our main partners in China were Chinese and Japanese joint enterprises, like Nissan and Toyota. But if we stuck to just these, the scope would be quite limited. We would like to expand our customer base and cooperate with some European or American companies in the future. I have talked with some of them last year.

Q: What measures has Bridgestone taken towards energy saving and environmental protection?

A: Yes, that's something we're thinking about. Bridgestone's mission is to serve society. Now, we are developing economical tires using special materials, which could help protect the environment and can be recycled.

Q: Since last year is the tenth anniversary of Bridgestone's F1 sponsorship, do you have any new F1 plans?

A: In 2007, Bridgestone will supply all the teams with our tires. The most important thing is to be fair. Also, we are continuing to ensure the safety of our products.

In 2006, Bridgestone, a leading Japanese tire company, celebrated its 75th anniversary with booming business in both the Chinese and world markets. The company won the right to exclusive sponsorship of F1 racing from 2007 to 2010.

Michelin: safety and service

Interviewee: Yves Chapot
Title: Chairman
Company: Michelin (China)

By Han Manman

Yves Chapot, chairman of Michelin (China) said Michelin has gained a leading position in China's passenger car tire replacement market, and continues to gain market share in 2006. The company now has a more than 20 percent share of the China tire market.

Q: With the year-end approaching, what have Michelin's sales been like? Will they meet your and the company's expectations? Is any new investment being discussed or planned for China?

A: In China this year, we are growing in all our active segments and our market shares increased in all of them. We are the leader in the passenger car replacement segment with a 20 percent market share. We will continue to increase capacity at our existing factories in Shenyang and Shanghai, but at present, I can't give any more details.

Q: After taking over the role of China head, what, if any, difficulties or challenges did you encounter? Did you make any adjustment to the company's China strategy as a result?

A: I face difficulties everyday; it is a part of my job. Personally, the main difficulties are to understand each other and to make sure we are understanding each other, because language differences are by far the biggest barrier to communication.

One challenge I met that I was probably not expecting is the complexity of the country; China is a big country with a diverse culture. We think China is a country of great variety; we have seen very strong regional differences. This complexity is not something we understood before we came to live in China.

Q: What's Michelin's biggest difference compared with competitors such as Bridgestone and Goodyear?

A: Competition is competition, we cannot avoid the competition. We respect the competition because we think it provides a stimulus. We do not look at how we differ from our competitors, but look for the difference we can make for our customers by anticipating their needs and what innovations we can bring for them. We need to continue to listen carefully to market demands and to our customer's needs. To anticipate these needs we have launched "Sui Ni Xing" (Drive Without Worry) this year, a package including services such as 24-hour roadside assistance, free tire puncture repair, towing and warranty. The service will go mainstream in the market in April and we have already 100,000 members, a very good response.

Q: Michelin is perceived to be a high-end brand, so how do you cater to the needs of a Chinese market where consumers are looking for a good product at a low price?

A: Price is not the only economic criterion when you look at the products like tires, because they are something we use for quite a long time. There is a very important economic criterion, which is the cost of usage, that means you consider the cost of the tire, the maintenance of the tire, compared with the kilometers and the time you are using the tire.

Q: Why did Michelin quit F1?

A: Because the rules of Formula One are changing to impose a single tire supplier, we decided to quit. The freedom given to teams to choose their tires is fundamental, and so the presence of competition between two manufactures is indispensable. It's the basis for real technical competition between tire makers which stimulates progress and is in the very best interests of the public. If we were the only supplier in the F1, there would be no interest for us.

Michelin is a world leader in tire technology and innovation. It has had a modern-day presence in China since 1988, first in Hong Kong and subsequently setting up a representative office in Beijing in 1989. Manufacturing activities began in 1994, and it built its first factory in Shenyang at the end of 1995 to produce passenger car tires. Michelin now employs about 5,000 people in China at three factories – two in Shanghai and one in Shenyang – and commercial regional offices in Xi'an, Shenyang, Beijing, Shanghai, Wuhan, Chengdu, Guangzhou and Hong Kong.

Honda: the power of dreams

Interviewee: Atsuyoshi Hyogo
Title: Chairman and President
Company: Honda Motor (China) Investment Co

By Zhao Hongyi

Honda brought its two joint ventures in China to the 2006 Beijing International Auto Expo held last November. They shared a huge booth at the show, decorated in red and white, the two singnature colors of the motor giant.

Most eye-catching were Honda's Acura RL, Acura TL and Acura MDX SUV, the brand Honda has developed over two decades in the North American market.

"They are all the latest models and this is the first time they've been shown outside North America," Atsuyoshi Hyogo, chairman and president of Honda Motor (China) Investment Co said at the opening ceremony. "It shows how important we believe the Chinese market is."

Atsuyoshi is also the chief operational officer for the China market at Honda's headquarters in Tokyo. Beijing Today interviewed the energetic and busy president:

Q: So, why did you choose to bring the Acura MDX to China at this time?

A: It is made in Canada and is the latest design for 2007. The Acura MDX is a four-wheel drive jeep, a SUV and a luxury sedan. It has three rows of seats and can carry up to seven passengers. It accounts for a third of Honda's sales in North America. It has also done very well in Europe.

China has surpassed Japan and become the second largest single auto market. We must choose the best market-appropriate products to secure and expand our market share here.

Q: What's the current situation of Guangzhou Honda?

A: Guangzhou Honda is eight years old and has made and sold 206,700 cars, the models being the Accord, Odyssey, Fit and City. The most outstanding quality of these cars is their low exhaust emissions, yet they have excellent overall performance. We are very concerned with environmental protection.

Q: What is your overall expectation for the two joint ventures in China?

A: Our target this year is to sell 300,000 vehicles and export 20,000 to Europe.

Honda came to China 24 years ago to make motorcycles in Chongqing. Now we are making cars in China and export from here to Europe.

Q: What's the next step of Honda's strategy in China?

A: We're now focusing on cutting-edge automobile technologies, particularly in energy saving.

We have been selling the battery-powered Honda FCX in the United States and will bring out the second generation soon.

We are developing mixed-powered and diesel-driven vehicles in the US and the results are very encouraging.

Honda has a wide array of products and services from automobiles, power sports, business jets, power equipment, marine facilities and engines, to financial service products like special leasing, finance offerings, estimate payments and credit pre-approving.

500

Before 2001, investment in China by Fortune 500 companies was mainly concentrated in the manufacturing sector. Since China's entry into the WTO in 2001, major new investment has come from businesses in the banking, insurance, tourism, service, retail and similar sectors, as the Chinese government continues to implement its WTO commitments and open new markets.

SBI: first Indian bank in China

By Gan Tian

Holding a Master's degree in economics from Delhi School of Economics, Ranganathan, the current CEO of SBI Shanghai Branch, is a career banker with over 30 years of experience with State Bank of India. He was deputed to start the China operations of the bank in September 2005.

Interviewee: Ranganathan
Title: CEO
Company: The State Bank of India Shanghai Branch

Q: What are the biggest issues and problems your company faced when establishing a branch in Shanghai last year? Do you have any plans to establish a branch in Beijing?

A: The State Bank of India is the largest commercial bank of India. We have, in the State Bank group, seven associate, subsidiary, commercial banks and some 16 regional rural banks. Our network includes around 14,000 commercial bank branches and over 2,000 regional rural bank branches in India. We also have more than 70 branches or offices in over 30 countries around the world, and specialized subsidiaries for credit cards, life insurance, mutual funds, investment banking and capital markets, factoring and more. All our subsidiaries are market leaders in their respective fields.

We are the first bank from India to have started commercial banking operations in China. No Chinese bank has operations in India.

The biggest challenge we faced in starting operations in China was the language. We have, as an international bank, centralized computer systems. In China, however, all regulatory orders are issued in Chinese and no legally authoritative English versions exist. Also, all regulatory reporting is in Chinese. It therefore took us some time to set up our systems so that they could be compliant with local regulations. The process involved a lot of learning for us but we were helped by the information available from our locally recruited officers and staff.

Language barriers were the most difficult, but now we can help all Chinese companies and banks in resolving the language issues with India and elsewhere in the 30-odd countries where SBI has operations.

We started commercial operations in 2006 April. We are therefore in the process of "settling down." We shall certainly want to expand our presence in China and will do so in due course. Beijing, being the nation's capital, would certainly be an important destination.

Q: What have been the most positive changes to your business since your company invested and established an office in Shanghai? What have you achieved so far here this year? Why did your company choose China to invest and establish offices in? China plans to fully implement its WTO entry promises and open its market in 2007; will your company adjust its business and investment strategies in China? If yes, what will the adjustments be?

A: China is today the most vibrant economy in the world. Indo-Chinese bilateral trade has grown substantially in recent years. The spirit of mutual economic co-operation between the two countries is improving very rapidly. The recent visit of Hu Jintao to India in November 2006 has given a further boost to this growth. We are accordingly very excited to have started commercial operations in China.

We are confident that our presence will give greater confidence to the very large number of Indian companies doing business with China to expand their operations here. It will also speed up their decision making regarding investments in China.

Also, there are many Chinese companies already doing business with India. Having India's largest commercial bank locally available, and Shanghai branch being governed by Chinese courts and regulators, should give them greater confidence in their Indian dealings. With us they have the advantage of being able to communicate in Chinese – most of my officers and staff are locally recruited – while we can communicate their requirements to India in languages relevant to the center. India is a very large country and more than 20 different languages are spoken in its different states, so our presence in China should solve the language problems faced by Chinese companies in talking to India. We can also assist them in their daily banking requirements in India since we could assist our Indian branches in completing the KYC norms conveniently. In case they wish to make investments in India, our specialized subsidiaries (all of which are highly regarded in India) can help them via a variety of measures.

The State Bank of India (SBI) is India's largest commercial bank and ranked 498 in Fortune 500 in 2006. State Bank of India has been in Shanghai since 1997 through its representative office. Its Shanghai branch opened in 2006, starting a new era of commercial operations between the two Asian giants.

Photo Provided by SBI Shanghai

Nine foreign banks have been given the green light to operate RMB business in the mainland, and 20 more will be approved this year. China's policy of opening up banking is attracting more and more international lenders to come here and invest. Meanwhile, China's insurance sector has maintained an average annual growth of 30 percent, a market no international insurer wants to miss out on.

Metlife: putting customers first

By Han Manman

Interviewee: Robin Chi
Title: President
Company: Sino-US MetLife
Robin Chi

Q: China for many years had a planned economy; people are not very aware of the need for insurance. They don't feel the need to buy extra insurance like personal accident insurance and major disease insurance. Could you comment on this?

A: I think the younger generation in China is more accepting of insurance, especially in Beijing. Three years ago, when we first came to Beijing, our market investigation showed the public had a negative attitude to insurance. However, our recent investigation shows that attitude has changed a lot, especially about professional insurance policies. Customers are now more open to listening when our staff talk about products like life insurance, financial planning and demand analysis with them. There is a saying in the marketing world, "Consumers can be educated".

Q: What's unique about Metlife products compared with those of other companys?

A: Our unique selling points are "management trainee" and "needs-based selling". We also have another new selling method, telemarketing, or selling policies by phone in Beijing. We are the first company in Beijing trying this model.

In "Needs-based Selling", they consult with customers based on their age, income level and general financial status, stressing family and care responsibilities. Our staff will help them to design an exclusive insurance package based on their needs.

Many domestic companies sell their products like they were a substitute for bank deposits or some kind of fund. I think the Chinese insurance market has some special characteristics. Compared with foreign insurance companies, 93 percent of what domestic companies sell are not really insurance products. For a mature insurance company, at least 60 percent of their business should be risk management; however, 94 percent domestic companies are doing savings or investment policies. Only 6 percent are risk management.

Q: What is the major challenge for you now?

A: People development, especially local staff development is the most important thing for MetLife now. Insurance, in essence, is a local business. Our view is that we need to combine local culture and international expertise. MetLife International has a lot of staff who know the insurance business well, but we really don't have enough people who understand the Chinese market.

China's insurance sector has boomed over the past two decades, maintaining an average annual growth of 30 percent.

China has now become the 11th largest insurance market in the world. Training and development of the right staff is crucial to meet this rapidly growing demand.

Q: What's your China strategy?

A: I spend lots of time talking with both of our shareholders. I asked them what their expectation for this JV is. Then I made clear three tasks upon my assignment to China. One was to build the company's reputation. Another, contribute to the local industry and society. Third, reasonable returns to the shareholders.

The reason that Sino-US MetLife chose to build its own sales team is to create its own culture which is the most important for a new company. The company has imported the successful business models that its parent Metropolitan Life has developed in other markets and modified them to fit the Chinese market.

Headquartered in Beijing, Sino-US MetLife Insurance Co, Ltd is a 50-50 joint venture between Beijing-based Capital Airports Holding Co and US-based MetLife Inc. Established in 2004, Sino-US MetLife Insurance Co was the 19th JV insurer to be set up in China.

Photo by Tian Yufeng

Some international companies, like Denso, have been in China for a long time, yet they are still largely unknown to ordinary Chinese consumers and must find new ways to promote their brands.

Interviewee: Noboru Yamada
Title: President
Company: Denso (China) Investment Co, Ltd

Denso: no complaints about key China markets

By Jackie Zhang

Noboru Yamada, president of Denso (China) Investment Co, Ltd, now sees Beijing as a battlefield for his life, career and the company's management. His 12-year experience living and working here has helped him understand China very well.

Q: Could you please talk about the business achievements Denso China has made in 2006? Does it match the business goals that the company had at the beginning of the year?

A: In 2006, car output in China has, for the first time, broken the record of seven million. The total number of cars in China has reached 30 million. China has become a strong country in car production and ownership alongside the United States and Japan.

The Chinese government released an auto industry policy in the Eleventh Five-year Plan, which declared the government's support for the Chinese auto industry in environmental protection, energy saving, safety and high-technology.

In order to meet increasing demand and to adapt to changes in the Chinese market, Denso has adopted new measures for reducing costs by boosting local supply and enhancing production and logistic quality, and aimed at increasing Denso China's competitiveness and guaranteeing a stable supply base.

These measures have led to active achievements. Denso China's sales in 2006 were worth 6.6 billion yuan, having increased 70 percent over 2005. We have no complaints about performance in our key markets. We have locally produced more than 10 new products like car navigation systems and have established five branch companies. We have basically achieved the business goals that the company had at the beginning of 2006.

Q: Denso mainly focuses on the business of car accessories. What do you think of the opportunities provided by the Chinese market?

A: The auto industry in China has entered a stage of comprehensive development, and also faces the challenges of controlling both lrge-scale production and improving quality. Denso has 179 companies globally, focusing on cars, motor bicycles, and agricultural machinery. In production techniques, we always endeavor to adopt different production methods according to different needs; and to develop technology that solves problems which may have a negative social impact, such as environmental pollution and traffic accidents. All our staff are required to continuously practice and improve their work experience, and never allow any substandard products.

Q: What's your opinion of the Chinese car accessory market? How will the Chinese car market develop in the future? What are the existing problems in the Chinese market and how can they be resolved?

A: The Chinese car industry has a problem as it enters the 21st century. The warranties of many cars now in the market will soon expire, and owners will have to arrange to have the cars repaired themselves. What will be customers' standards for choosing a new car? Low price and high quality, of course, will be two of the most important factors. Then, low repair cost, convenience of replacing accessories and high depreciation price are also factors for boosting car sales.

As a car accessory manufacturer, the key is to establish convenient channels for repair and replacement, as well as improve the quality of products. Denso has 138 repair stations and 100 spare parts stores. However, our business relationship with car sales agents is weak at present. Our brand recognition among customers is comparatively low. We plan to adopt a strategy of integrating ourselves with car manufacturers and car sales agents and perfecting our products and business development, continually finding and correcting any problems in our products and after-sales service.

Q: In 2007 China will fulfill many of its commitments for entering the WTO. Are there any policies that will greatly influence Denso China?

A: Entering the WTO is a kind of policy of openness which breaks down trade barriers and brings free trade. At present, the export situation in China is good. As a result, other countries are putting pressure on the government to revalue the currency. The government will adjust favorable policies towards foreign investment to reduce differences between policy towards domestic and foreign enterprises. This may increase the burden on joint ventures which plan to import facilities or increase investment in China. Then, investing in China may become less attractive. To avoid the impact of changes in foreign exchange rules, foreign companies should improve self-discipline and local supply. That takes time and human resources. It is necessary to research localization under new tariff standards.

Q: What do you think the biggest challenge that Denso China faces at present is? How will the company deal with any challenges?

A: One of our guidelines is to develop research and development independently and increase the ratio of our own brand in what we sell. Every country wishes to develop a domestic car industry. It is a natural trend. The key question is how to make use of the technologies and facilities resources brought by imported cars. I think the government's policies are unclear about joint-venture car factories. If the government does not make clear guiding policies, there will be a negative influence on the foreign investment that supports the market's fast growth.

Denso (China) Investment Co, Ltd, was established in 2003 as a holding company and regional agent in China of Denso which Japan's biggest. and one of the world's leading car system suppliers.

Having been in China for four years, Denso (China) Investment Co, Ltd is gradually developing its market here. By producing and selling its car accessories and parts in Chinese market, Denso China's popularity among customers is growing. However, there are still few who know Denso and its business well.

Photo by Tian Yufeng

Interviewee: Kenneth Y Wong
Title: CEO
Company: CSC China

CSC: the right time to start in China

By Annie Wei

Q: What are your strategies that have been important for the market in China?

A: We think China currently needs many kinds of world-class solutions. CSC is an international company providing world-class solutions. However, we realize some of our solutions do not fit China's market. We need to bring these solutions to China and then localize them.

But CSC China is not going to localize its solutions by itself. Instead, we localize our solutions together with our clients and business distributors. Take insurance, for example. CSC is a first-class company in the insurance business all over the world, but insurance in China is very different from other countries with different management styles and levels. We need to know about local needs and we discuss these with our clients, partners and government institutions to enhance understanding.

We are currently the only big foreign company in China's insurance solutions market. Last year, when someone asked me whether it was too late for CSC to enter the Chinese market, I said "no" and that we entered at the right time.

Q: What strategies made big profits for your China operation?

A: Air travel is a new market for us. We are using our IT technology to help others build airplanes and manage them.

We think China's aviation market has great potential. There are reports saying that China will buy 2,860 large aircraft from Boeing and Airbus in the future. That means demand for many solutions in aviation management. Also, lots of air lanes need to be developed and all this air-traffic-flow management is very complicated but something CSC specializes in. We have major airline clients all over the world. What we are doing for them is very similar to what is needed in China, such as e-business, reservations, departure control and inventory control. CSC has very unique advantages in the life cycle from air plane manufacture, flight routing, air management, airport management and flight landing.

Another big thing for us last year was software outsourcing. In outsourcing, India is very strong. I think China can be the same. China has a strong culture, but it has an open attitude compared to countries like Japan and South Korea. They have their own cultures, but are closed to outsiders. Right now India is ahead in technology. I think when China entered the global market, it did not market itself very well, and also suffered from a poorer service tradition. Chinese people still tend to care about things they can touch and feel.

Q:What is CSC's core values? How does CSC (China) implement these values in China?

A: CSC's core competence is large-scale solutions. We are a client-centered company and try to provide the best service to them. In the US, we have been working with the FAA for 35 years and have contributed a lot to US airlines. We are rebuilding the US tax system and working on a national health management solution for the UK. These are all large-scale projects, concerning lots of people and many complicated issues.

Photo provided by CSC

CSC is a leading global information technology services company with an established 47-year track record of delivering business results to hundreds of clients across industries worldwide.

Headquartered in Beijing, CSC China has grown rapidly through acquisition, outsourcing deals and financial service wins. CSC China has major operations in Beijing, Tianjin, Shanghai, Guangzhou and employs over 300 staff servicing customers in over 40 major cities across China.

Editors: Hou Mingxin Gan Tian Designer: Zhao Yan
BEIJING TODAY

Following China's accession to the WTO, globe-spanning businesses like travels agents and relocaters now have access to the country's enormous potential market.

TUI: First means being a pioneer

Interviewee: Marcel Schneider
Title: CEO
Company: TUI China

Photo by Tian Yufeng

By Chen Shasha

Q: Do you feel pressure as the first foreign tourism company to enter the Chinese market?

A: Of course. The "first" means that you have to be a pioneer. There was no other experience from which we could learn about the market. China is a large market for investment, and if you come as the first one, there is a lot of space left. But on the other hand, Chinese culture is totally different from the west, thus investment here will be different from France or America.

Q: What are the problems you face now?

A: When I took the post, I faced a lot of problems. There are lots of differences in mentality between Chinese and western countries. For example, we often express our feelings and opinions directly, so I acted the same way to my staff at first. But sometimes it led to misunderstanding. Now I know that losing face is an important thing for Chinese people.

Language is another problem. In our company, there are over 70 staffers, and four of them are from abroad. Among them, only two speak Chinese, and I can't. The problem is that English is a second language both for my staff and for me. I think communication between us could be better if we were of the same mother tongue.

Q: We can see TUI's logo on every part of your company. What does it stand for?

A: If you look at it, you can see a distortion of "T," "U" and "I", which compose a smile. It means that we hope to offer the best service to our customers and make them happy. It is a global logo, but I think the color (yellow) suits China.

Q: Why did you choose Beijing, rather than Shanghai or Guangzhou, to set up your office?

A: Beijing is the capital of China. If you work in Beijing, it's easier to get official information, which is quite important for an international company. So far, we only have one office in China, but we plan to set up more. However, there are restrictions on foreign tourist agencies that allow only one office.

Q: Which season is your best earning season in China? Do you have any suggestions as to China's golden weeks (the national vacation times)?

A: The best earning season is September and October, because the weather here is suitable for tourists to travel to nearly all parts of the country. The same thing happens in April and May. However, during golden weeks, some tourist sites became too crowded and hotels are hard to book. It sets high demand on our services. I think that it would be better for the whole nation to have three weeks of flexible holidays, so people could travel in turns.

What are the main operations supported by your business?

A: Domestic travel. China's policies don't allow foreign companies to book outbound travel. Two major frustrating regulatory statutes that TUI has encountered in China have been the government's restrictions on outbound leisure travel and the lack of freedom to open branch offices in other cities. However, we're confident that over time, the Chinese regulatory bodies will change these mandatory restrictions to promote a more free-flowing market environment.

Q: With the 2008 Olympic Games around the corner, what do you think is going to happen to your company in future? What's on your agenda?

A: We don't have a special agenda for the Olympics yet. I think the Olympics will bring a lot of people to China, but there must be some restrictions on traffic and hotels. We may have special ticket selling programs during Olympics, so I hope clear policies about traffic restrictions and tickets selling will come out soon.

Q: Which travel destinations would you like to recommend?

A: Beijing, Xi'an, Guilin, the Yangtze River and Shanghai are the places most sought after by our clients. But now, the Silk Road, Tibet, Yunnan and Sichuan are becoming hotter. For me, I think all the mentioned places are attractive; China is quite an amazing country.

In July 2003, foreign companies were allowed to control or solely own travel agencies in China. That November, TUI, the world's leading tourism group, officially opened its China Travel Co Ltd, the first joint venture in the Chinese travel industry with a foreign majority shareholder. "We have been waiting for this opportunity for a long time," Marcel Schneider, chief executive officer of TUI China, said.

Schneider has been working in the tourism industry for over 15 years. Since he took post in China in 2005, TUI China has developed quickly, with its growth rate exceeding 12 percent each year. In 2006, TUI China's growth rate jumped 60 percent over 2005.

Pricoa Relocation: an all-around assistant on your way to greatness

By Jiang Xubo

Q: As the General Manager of Pricoa Relocation (Shanghai) Co Ltd, what are your general ideas about China as a market for relocation services?

A: The market is in transition. Before relocation companies arrived in China, services for relocating families were provided by many separate companies usually as an "add on" to their core service, whatever that might have been. We feel there is a growing need for centralized services and outsourcing for expatriate assignee mobility. Furthermore, companies in China are looking for a more transparent fee agreement with their providers to ensure corporate and legal compliance.

Q: What key decisions have you made during your work as the general manager?

A: Pricoa Relocation reviewed the market and decided to create a legal business entity that would allow for in-house real estate and relocation services to be provided in Shanghai and Beijing. Then we went out looking for the best service providers in the rest of China to provide our clients with a country-wide service reach. Our decision to provide centralized relocation service capabilities is fundamental to our business development.

Q: What's the most important thing to ensure that your company achieves its goal of being the leading relocation services provider in China?

A: The most important aspect is to provide our clients with consistent service delivery. Pricoa Relocation is dedicated to being a good partner and to act as an extension of our client's company.

Q: Foreign companies may go through a tough time when they start a business in China, because business traditions and climate in China are quite different from those elsewhere. Did your company have any difficulties adjusting to the Chinese market?

A: According to Pricoa Relocation's most recent analysis and trend reporting for the Asia-Pacific region, a deeper level of attitudinal and behavioral learning for international employees and their families is a major factor of success in their relocation. Our respondents indicated that proper adjustment depends on identifying and building new skill toward this end.

Cultural training is a key component of a fully rounded policy to prepare expatriates for their new assignments. In addition, language training is closely tied with cultural training, as both tools are integral in assisting global employees and families to develop a deep and comprehensive understanding of the host country's culture.

Q: What impact do Chinese business and cultural traditions have on your company and its business?

A: Inside the office at Pricoa Relocation, we use a family-unit approach to our work atmosphere. We work as teams to make decisions and strive toward goals inside and outside the office, with regular after-hours activities.

Q. You company tries to provide clients with human resource services in a highly customized and localized way. As a foreign company in China, what are the qualities your company expects the most from your Chinese employees?

A: Pricoa Relocation is committed to delivering localized services that build on the strengths of local employees, such as hard work, loyalty and a desire to do the best for clients.

Q: What does the Beijing office mean to your company's goal to achieve a leading place in China?

A: We have placed this office to service Beijing clients and liaise with our suppliers in northern China.

Interviewee: Nicole Paulson Washko
Title: General Manager
Company: Pricoa Relocation (Shanghai), Co. Ltd

Photo provided by PR

Pricoa Relocation (PR), a comprehensive global relocation services provider, is a business of US-based Prudential Financial, which ranked 182nd on the Global Fortune 500 list for 2006.

Pricoa Relocation opened its Beijing office at the end of last May to support the company's expanding relocation services business. "The expansion is a cornerstone of our business strategy – to be the dominant relocation services provider in China, offering the best relocation and assignment services in the world's fastest growing country," Pricoa Relocation's president said at the new office's opening ceremony. General Manager Nicole Paulson Washko seemed more cautious and practical when it came to the role of the Beijing office, declining "to make forward-looking projections."

BEIJING TODAY Editors: Hou Mingxin Han Manman Designer: Yang Gen

500

With the rapid growth of China's economy, domestic enterprises have developed rapidly.

In 2006, a total of 23 Chinese companies were on the list of the Fortune Global 500, compared with only three in 1996. China's joining the WTO has not only provided an opportunity for overseas enterprises to enter the Chinese market, but also for domestic players interested in 'going out'. Moreover, no Chinese industry has been destroyed by international competition as was predicted when China entered the WTO.

CSCEC: heading the world

By Gan Tian

Q: As the president of CSCEC, how do you view its development in the international arena?

A: CSCEC started operating in the international arena in 1978. Now, it's accelerating its development agenda to keep in step with the new century. Since 2000, we've had what we call our "five increases and five decreases." The five increases are: our total contract amount has increased 71.1 billion yuan, our business has increased 48.7 billion, two of our indexes doubled in only four years, our profits have increased 5.9 times and our retained profit has increased 22 times. Our assets have also risen to 23.7 billion yuan and our bank deposit has risen 5.1 billion. Our five decreases are: our margin fee has decreased 2.1 percent, our potential loss and unclear assets have decreased 7 billion yuan, the non-profit making enterprises were 27 fewer and we closed 800 branches and cut 440,000 employees.

Interviewee: Sun Wenjie
Title: General Manager
Company: China State Construction Engineer Corporation

The experts said this indicates CSCEC has doubled its scale in only four years. So what about our future? Our current plans are all about "going out."

Q: Can you give a summary of CSCEC's achievements in 2006 and of its recent plans.

A: I can make a comparison here. We had several outstanding business achievements in 2005: we signed 156.7 billion yuan worth of contracts, earning a business volume of 116 billion with a total 3.3 million of profit, each of which respectively increased increased 23.4 percent, 14.4 percent and 17.9 percent over 2004. Altogether, these made for overall capital assets of 101 billion yuan. In the first six months of 2006, we again signed contracts valued 87.6 billion yuan, earned 57.4 billion in business with 1.51 billion profit, which are respectively 17.5 percent, 31.5 percent and 64.5 percent more than the previous year. Last year was the first year of China's Eleventh Five-year Plan, the achievement of which CSCEC always makes a top priority in its operations. From now till 2010, our development goals are to sign contracts totalling 260 billion yuan, and earn 2 trillion yuan through business with an overall profit of 6 billion; to sign overseas contracts worth US$6.5 billion, earn US$6.5 billion from business with US$0.4 billion of profit; to strive to capture 5 percent of the global construction market; to see our overseas revenue account for 15 percent of China's foreign contracts; to make 30 percent of our assets come from overseas; to employ overseas staff at our foreign agencies and have them be 30 percent of our workforce.

Q: Compared with other Fortune 500 which are coming to China, CSCEC pays much more attention to "going out". Can you tell us more about this strategy?

A: The competition in architecture is very fierce. CSCEC has the advantages of low cost and a high level management system: it's how we've distinguished ourselves competetively for the last 10 years. Since 2004, we've been praised by HK$5.5 billion Hong Kong Disneyland, HK$4.6 billion East Hong Kong Railway Projects, Hong Kong Central Sea Filling Project and the Wynn Macau Hotel Project. CSCEC is known for its low cost and high level management.

Second, low-cost advancement and high-level sales are our weapons. The Asian Crisis hurt CSCEC badly in 1998, but we maintained the real estate market in the mainland.

Q: How has CSCEC helped to prepare for the Olympics?

A: Thee words: The Water Cube. From design to construction, The Water Cube was completed entirely by CSCEC. We are so proud of it. The design phase saw all kinds of international bids. Famous architects from around the world came to compete, but we were the ones who got it.

Q: You've been working in Hong Kong CSCEC for more than 20 years and took the general manager position in 2001. How have you influenced CSCES's development?

A: My first act after taking the position was the "Zero Hour Action" which dismissed all the employees at headquarters and used Competitive Recruitment to refill all positions. Some old, incompetant directors were laid-off, and some vigorous young people took over high, executive positions. It cut our headquarters staff from 511 people to only 150.

State-owned enterprises should never confront market competition the way administrative agencies do. That's why we next launched the "Elimination of Deficits" campaign. We aimed to run the corporation in a market-oriented economy, where the corporation lives or dies due to its deficits.

Q: How do you understand the entrepreneur's ability to make a strategic decision?

A: There's a concept we all know: without risk, there can be no reward. However, if an entrepreneur cannot face those risks, what else can he do? In other media interviews, I said, "A bad entrepreneur is busy with the past; a mediocre one is satisfied the present; a successful one is making strageties for the future."

Photo provided by CSCEC

CCB: not afraid of foreign competition

By Chen Shasha

China Construction Bank (CCB), first among the four largest commercial banks in China, has ranked as a Fortune 500 company since 2004. In the last two years, it developed fast, moving from 331st in 2004 to 277th in 2006.

As the leading commercial bank in China, CCB provides a comprehensive range of commercial banking products and services including corporate banking, personal banking, treasury operations, as well as a wide range of products and services, like infrastructure loans, residential mortgage loans and bank cards.

Interviewee: Zhang Jianguo
Title: Chief Manager
Company: China Construction Bank

Last July, the CCB board appointed Zhang Jianguo as the bank's new chief. Zhang was the former vice chairman of the board of directors and the former president of Bank of Communications Co, Ltd from June 2004 to July 2006. He had also held senior positions in the Industrial and Commercial Bank of China.

Talking with Zhang, he seemed confident about taking the post. "CCB has a clear marketing orientation, and my job is to make it more efficient," Zhang said.

Strategy changed

According to Zhang, CCB has 13,977 branches in China, six overseas branches and two agencies around the world. "We aim to become a top-notch one-stop bank abroad, serving an increasing number of Chinese companies and overseas customers," Zhang said.

In June 2005, CCB listed on the Mainland Board of the Hong Kong Stock Exchange and became the first of the big four commercial banks in China to list overseas. On September 11, 2006, CCB's share became one of the constituents of the Hang Seng index and was the first Mainland-backed share to join its blue chip category. On December 31, 2006, the weighting of CCB to the index is 15 percent.

On December 29, 2006, CCB acquired 100 percent of the shares of Bank of America (Asia). After this purchase, the business size of CCB in Hong Kong doubled, and the scale of customers' loan also increased to the No 9 from the former No 16.

Zhang said they will set up more branches in Asia, Europe and Africa. "We plan to change our strategy and put more energy to overseas market," Zhang said.

Meeting foreign banks head-on

Last December, China fully opened its doors to foreign banks in accordance with its WTO commitments. Since then, a lot of attention has been paid to Chinese banks.

Zhang Jianguo said the new market environment could be a golden opportunity. "First of all, we have to work out how to meet customers' needs in the context of local market situation. Equally important is to be open-minded – to learn from foreign banks on the advanced management philosophy and corporate governance mechanism," he said.

"In addition, we should further strengthen and push our reforms of internal operations and management structure. In facing the world, we have to strengthen the joint efforts with foreign banks and maintain fair competition," he said.

Zhang said the service section is where Chinese banks lag far behind their foreign counterparts. "Improving services is hard. You need one year to make good products and three years to build a successful market, but it will take at least 10 years to develop high-level service," Zhang said.

At the same time, he didn't think that foreign banks will pose a significant threat to Chinese banks in the short term. "They will continue to lag behind Chinese banks in branch coverage and client base for the foreseeable future. CCB and other domestic banks have more extensive networks. The total of 70,000 branches of China's four biggest lenders dwarfs the 214 for overseas banks," Zhang said.

But CCB is still prepared to meet their challenge. Zhang said they will focus on making innovations for medium-sized businesses in 2007, and aim to make large fortune for their shareholders.

Photo by Hao Yi

Joining big international companies, especially Fortune 500 enterprises, is a dream for job hunters. But what do Fortune 500 giants look for in their key lieutenants, the people who work for them? What would they say to an applicant?

Employees in the eyes of Fortune 500 giants

Master exclusive skills


Photo by Qian Yong

For me, I like people who are good at things that I'm not. I think nearly all the managers want to hire people like this. Otherwise, if I can do it myself, I would not need them. It's true, especially for international companies, because we don't know much when we came to China.

Bryan D Ellis, president of Bertelsmann DirectGroup China

Strong communication


Photo by Tian Yufeng

I prefer students with strong communication skills – beyond basic language ones.

Yuji Takeuchi, chairman & CEO of Bridgestone (China)

Global work experience

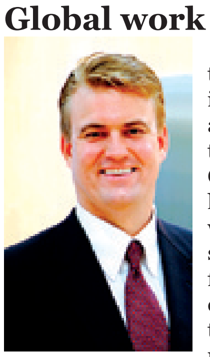


Photo provided by EDS

There are thousands of talented individuals graduating from universities in Wuhan and Chongqing. We are looking for people with infrastructure skills, as well as professionals who can be engaged in data centers, back office support, applications and BPO. In the short-term, we look for those with global network experience, rich industry experience, such as in the areas of finance, transportation and especially aviation. We also need people with sales development skills to expand our market share here in China.

Derek Sharp, managing director, EDS (China)

With leadership


Photo provided by CSC

Staff with leadership. I don't mean everyone has to be the project manager or leader in his or her department, but a characteristic of leadership is to be proactive. A Chinese saying is, be zhi xin ren yong yan – wise, honest, kind, courageous and disciplined. We need employees who can understand what clients want – who are good at communication, because our strategy is to have good partnership. Our core competence is large-scale solutions.

Kenneth Y Wong, CEO of CSC China

Good attitude

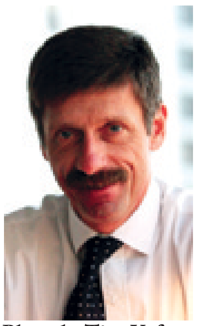


Photo by Tian Yufeng

For new staff, I think attitude is important: what they think of the job and what they want to achieve. People can learn everything except attitude.

Marcel Schneider, chief executive officer of TUI China

Devoted in creating customer satisfaction


Photo provided by SBI

In SBI, we believe employee orientation towards creating customer satisfaction is the most important attribute to look for and cultivate. We operate in a service industry and have just started operations in a new country where our brand isn't established yet. A customer, properly treated, would start dealing with us on a regular basis.

TCA Ranganathan, CEO of the State Bank of India Shanghai Branch

Good attitude and core values sharing


Photo by Wu Bing

Having a good attitude is a must. By good attitude, I refer to those who are genuinely interested in our industries, who always strive to learn new things and to improve.

I believe sharing our core values is another legitimate expectation of a staff member as he or she gradually merges into the team. Good skill sets and proficiency in English bring extra mileage but are not essential to start out with – bearing in mind that Akzo Nobel has a rounded and robust training program for our colleagues.

Anders Broström, president of Akzo Nobel (Asia) Ltd

Accountable and dedicated


Photo by Tian Yufeng

We aim to implement a management style which highlights transparency and communication, and focuses on achieving results. We are in a complex business with long-term projects, and for this we need people who can be accountable and dedicated. This motivation essentially stems from our projects and products that are highly technical and require expertise.

Alain F Berger, president of ALSTOM (China) Ltd

Hard work and loyalty


Photo provided by PR

Pricoa Relocation is committed to delivering localized services that build on the strengths of local employees, such as hard work, loyalty and a desire to do the best for clients.

Nicole Paulson Washko, general manager of Pricoa Relocation (Shanghai) Co, Ltd

Never give up


Photo by Tian Yufeng

My employees should never give up and stick to their goals. They should be responsible for the result of any of their work. When they do not succeed, they should not pass their responsibility on to other people. They should think for themselves and recognize their weaknesses.

Noboru Yamada, president of Denso (China) Investment Co, Ltd

Filial piety, self-respect

I stress most whether my employees value themselves and are obedient to their parents. I hope my employees are kind-hearted. I hope they know they should protect weak and small animals. I think children learn love from their mothers and respect from their fathers while still in the cradle. If a person does not value himself, is disobedient to his parents and doesn't know to protect the weak, he will not perform well in his work and won't contribute to the company.


Photo by Tian Yufeng

Mitsuo Tanaka, director president of Mitsui China

Bring a cheerful mood


Photo by Lou Ge

I like sanguine people who will bring a cheerful mood to their daily work. Our employees will receive entry training when they come to work for Panasonic. We also have training courses for different management positions. Panasonic has cooperated with Guanghua School of Management, Beijing University, for three years to provide MBA courses for our employees. Every year, 30 to 40 employees from Panasonic's companies in China are selected to participate in the training.

Tetsu Kimoto, president of Panasonic Corporation of China

Learn from the older generation


Photo by Tian Yufeng

The factors behind Japan's success include management, loyalty, morality and harmony. The flipside of these are conservatism, bureaucracy, and selfishness. NTT's philosophy is: cooperate to reach targets. To ensure their success, young people today should learn good qualities from their elders before starting their own life and career.

Shusuke Masaki, chief representative and general manager, NTT Beijing Representative Office

(By Chen Shasha, Wei Ying, Gan Tian, Huang Daohen, Jiang Xubo, Zhang Nan, Zhao Hongyi)

BEIJING TODAY Editors: Hou Mingxin Han Manman Designer: Zhao Yan

Still worried about where to plunk your capital? Never fear! *Beijing Today*, through the 2006 Fortune 500 CEO (China) interview series, got inside-access to the CEOs' ideas on where they would personally invest if they were no longer their companies' presidents.

Unveiling China's ideal investment areas

Environmental protection industry


Photo by Tian Yufeng

I would choose the environmental protection industry, which is very important to China's future. If China's environment worsens, the whole world will be influenced. Water is the most important resource. If we could produce clear and good tasting water, we could earn a lot of money.

Hajime Kaneko, president of NEC China


Photo by Tian Yufeng

I would invest in an environmental protection company. Financial services, the medical industry and the energy industry also have huge potential. During the next five to ten years, the energy industry will develop very well in China. And 15 years on, environmental protection will develop just as fast.

Robin Chi, president of Sino-US MetLife

Industry background

This industry's development is already a priority. The Chinese government has outlined goals for ecological construction and environmental protection in its 11th Five-year Plan (2005-2010) for national economic development and social progress.

Statistics show that as of 2004, as many as 11,600 enterprises were engaged in environmental protection throughout the country, employing 1.8 million workers, with an output value of 443 billion yuan (US$57 billion). In the next few years, China's environmental protection industry will face unprecedented development opportunities and become a new growth engine of the national economy.

Chemical industry


Photo by Wu Bing

Actually I've already made some personal investments in China, mainly through funds on the China market, which are handled by professional investment managers. In view of my professional background, I, of course, have a positive outlook on the potential of the local chemical industry.

Anders Broström, president of Akzo Nobel (Asia) Ltd

Industry background

China's chemical industry accounts for an impressive 10 percent of its GNP. With demand for chemicals in China expected to double between 2005 and 2015, trading in China remains an attractive opportunity that's only grown since China joined the World Trade Organization at the end of 2001.

China encourages foreign participation, through joint ventures or opening wholly foreign-owned firms in China, to develop the country's chemical industry with advanced technologies. The development of chemical products for agricultural use, including nitrogen, phosphoric and potassium fertilizers, will be given top priority, while development of effective, low-toxin chemicals will be stressed.

IT industry


Photo by Tian Yufeng

I'd still focus on the IT industry. You'll understand my feelings on this if you've worked in this sector. I'd put my money into some small IT companies to help them grow. The Japanese are good at executive management – we do it well. Chinese people excel at strong leadership, and have a broader strategic view for the future. If our two countries work hand-in-hand, we can do many things together.

Shusuke Masaki, chief representative and general manager NTT Beijing Representative Office

Industry background

China has made rapid progress in the IT industry over the past 20 years to become a global economic powerhouse. China's accession to the World Trade Organization (WTO) gave its IT industry, especially software markets, a further boost. In 2004, the gross domestic product (GDP) hit 9.5 percent with a substantial rise in fixed investment levels.

The government continues to support foreign policies that facilitate its modernization program and strives to enhance national interest.

Cultural areas

I would invest in cultural areas, because I'm personally very interested in Chinese culture. If I were to invest in China personally, I would open a company to organize events related to cultural promotion. I'd also like to do something to aid the coal miners. I've seen how they work; it's backbreaking, and the environment is too dangerous.


Photo by Tian Yufeng

Mitsuo Tanaka, director-president of Mitsui China

Industry background

Backed by a 5,000-year-old civilization, China's cultural industry undoubtedly has potential to secure its due share of the global market.

The National Bureau of Statistics said that nearly 10 million people are involved in this special trade, accounting for 1.3 percent of the total workforce. In 2004, the cultural industry's total added value was 344 billion yuan (US$42 billion), accounting for 2.15 percent of the nation's GDP.

Service Sector


Photo by Tian Yufeng

I would choose the service sector. I believe China will develop a booming service market linked to its rapid economic development. We all need more and more services. Services are everything; you can do better in tourism, information technology, and eventually have a better private life. I think the service sector has a great future in China.

Alain F Berger, president of ALSTOM (China) Ltd

Industry background

China's service industries are expected to enter a boom period. The industry has already seen fast expansion over the past two decades, with its added value accounting for 34 percent of China's gross domestic product (GDP) in 2006, compared with around 20 percent in the 1980s.

However, the development of the service industry is not as fast as that of the manufacturing industry. At present, trades that have a high threshold for market access and have government monopolies are mainly concentrated in the service industry, such as finance, telecommunications, railways, transportation, education and health care.

Food industry

I would invest in the food industry, and would prefer to run a business that manufactures food in China and exports the products to Japan. In fact, more than half of the food and vegetables now consumed in Japan are imported from China.


Photo by Lou Qiyong

The Chinese food culture and history is rich and abundant and in recent years the variety of food in China has diversified. When I came to Guangzhou in 1996, few Chinese people drank coffee, but now, coffee shops are everywhere. Western food like KFC also have a big market share. I believe that there will be many opportunities in the Chinese food industry. I like Chinese food very much, especially hot pot.

Tetsu Kimoto, president of Panasonic Corporation of China

Industry background

The food industry is one of the fastest growing in China. China's food industry enjoyed solid growth in 2006 with a predicted yearly growth rate of more than 23 percent. The industry's sales reached 2 trillion yuan (US$220 billion), up 23.2 percent over last year.

China is frantically trying to get in line with international regulations to cash in on valuable food exports.

Finance and Insurance


Photo provided by CSC

Finance and insurance. I think China's own capital will enter the international market in the future.

Kenneth Y Wong, CEO of CSC China

Massage parlors


Photo by Hao Yi

I would invest in massage salons, because everybody needs a massage. Yeah, I'm joking. I could never run that kind of business.

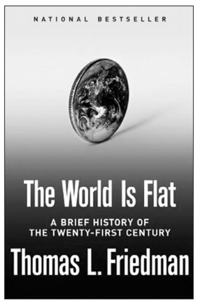
Jean Louis Thouret, China chief representative, VINCI Construction Grands Projets

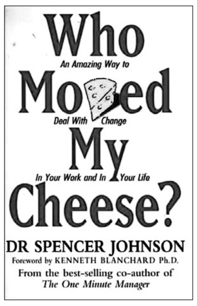
(By Han Manman, Huang Daohen, Zhao Hongyi, Zhang Nan, Wei Ying, Jiang Xubo)

500

As part of our 2006 Fortune 500 companies CEO (China) interview series, each principal was asked to recommend a book to their Chinese counterparts. What have they been reading recently? And why did they choose these books? Here are the 15 books they suggested.

Recommended books to Chinese entrepreneurs





The World Is Flat, by Thomas L Friedman and *Who Moved My Cheese*, by Spencer Johnson

Photo by Qian Yong

I think that the book everyone in the world should read now is *The World Is Flat*, because what [author Thomas Friedman] says is absolutely true.

The World Is Flat doesn't give you a speculative preview of the wonders that are sure to come in your lifetime, but rather to get you caught up on the wonders that are already here. The world isn't going to be flat; it already is flat.

The second one is *Who Moved My Cheese*. The world changes quickly, and a lot of what people consider normal now is going to change in the future. The book is about change, and learning about to accept it. Those are my recommendations.

Bryan D Ellis, president of Bertelsmann DirectGroup China

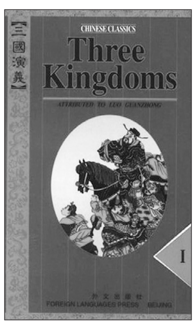


Photo by Wang Xiaoxi

Three Kingdoms, translated by Moss Roberts

Three Kingdoms is a very interesting book, which gave me many ideas on company operations.

The book is a martial epic with an astonishing fidelity to history, which has been translated now into lively English by Moss Roberts. The subject matter of *Three Kingdoms* has long held an extraordinary grip on the Chinese imagination. The great achievement of the author was to match historiography with fiction and gain a synergistic effect from the combination of elite and popular traditions.

Dung Van Anh, president of Lafarge China

Photo by Tian Yufeng

Bushido, by Tsunetomo Yamamoto

Bushido is a book describing the soul and idea of Japan. It is the first English translation of the *Hagakure*. This work provides a powerful message aimed at the mind and spirit of the samurai warrior. It offers beliefs that are difficult for the Western mind to embrace, yet fascinating in their pursuit of absolute service. With *Bushido*, one can better put into perspective Japan's historical path and gain greater insight into the Japan of today.

Hajime Kaneko, president of NEC China

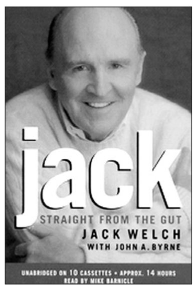


Photo by Tian Yufeng

Straight from the Gut, by Jack Welch

If you look internationally, I strongly recommend Jack Welch, the former CEO of the General Electric Co, to the Chinese businessman. He published his memoir after retiring on September 7, 2001. Welch's *Straight from the Gut* is a book that both business leaders and those interested in the General Electric story will get something from. He keeps the reader entertained with interesting business stories, while also sharing many of his business philosophies that have worked for him over the years.

Alain F Berger, president of ALSTOM (China) Ltd

Photo provided by SBI Shanghai

Books about India

This may be presumptuous on my part. I, however, suggest that the country with the most future growth potential, apart from China, is India. People should read more about India in their own interest. We have in India a very large number of financial magazines and newspapers – their analytical and editorial quality compares with the best in the world – and these would be useful to read. Large companies should diversify their risk by expanding into other countries. They should study India carefully as a future destination.

T C A Ranganathan, CEO of the State Bank of India Shanghai Branch

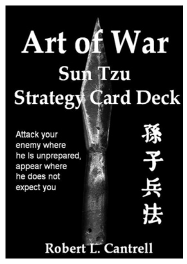


Photo provided by CSC

The Art of War, by Sunzi, and the memoirs of Zhou Guoping

I recommend Chinese CEOs read *Sunzi Bingfa* (*The Art of War* by Master Sun). The book doesn't just talk about military strategy, it's also useful in business. The book discusses admirable leadership qualities, like the Chinese saying of *zhi xin ren yong yan*. (Wisdom, credit, kindness, courage and discipline).

The other is a memoir written by Zhou Guoping, a Chinese thinker. The book is about his life and a description of China's different periods. It helps me gain a better understanding of Chinese society. But there is no English version.

Kenneth Y Wong, CEO of CSC China

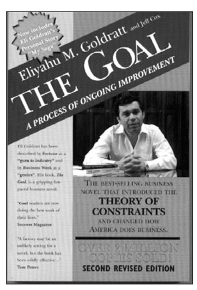
Photo by Tian Yufeng

Cai Gen Tan, by Hong Yingming, and *Shen Yin Yu*, by Lu Xinwu

I strongly recommended the book *Cai Gen Tan*. Hong Yingming wrote it during the Wanli period (1573-1620) of the Ming Dynasty (1368-1644). There are different explanations for the name of the book. Some say that the author compared the flavors of dishes to living in a society, while some say that it means that people can do anything if they can chew the roots of vegetables. The book tells readers about the thoughts and experience of a philosopher living more than 400 years ago.

Another book called *Shen Yin Yu* is a favorite as well. A man named Lu Xinwu living in the late period of Ming Dynasty wrote it. I have read the book's Japanese version, which records the author's experience of reading *Shen Yin Yu*. Since then, I started to look for the same book in Chinese. Then, I finally found it at the Xinhua Book Store in Wangfujing.

Mitsuo Tanaka, director president of Mitsui China



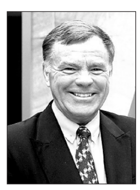


Photo by Wu Bing

The Goal, by Eliyahu M Goldratt

I would recommend a book entitled *The Goal* by Eliyahu M Goldratt. It teaches you how to approach problems in a logical manner. This logical thinking can help you tackle the issues germane to running a company, your family and all aspects of your life.

Anders Broström, president of Akzo Nobel (Asia) Ltd.

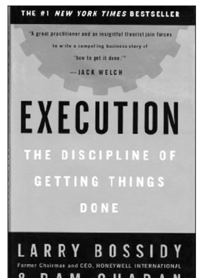


Photo by Wang Xiaoxi

Execution, by Larry Bossidy and Ram Charan

The book *Execution*, by Larry Bossidy and Ram Charan, will show how to get the job done and deliver results... whether you're running an entire company or in your first management job.

Wilson Chung, vice president of FedEx Express China

Photo by Tian Yufeng

Last year, I recommended *Blue Ocean Strategy* to my staff. This year, I want to talk about *Execution*. Many people have very good ideas, however, they cannot carry them out.

Discipline demands strategy, leadership development, and innovation. But as Larry Bossidy and Ram Charan demonstrate in *Execution*, the ultimate difference between a company and its competitor is, in fact, the ability to execute.

Robin Chi, president of Sino-US MetLife

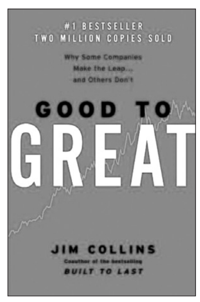


Photo provided by Pricoa Relocation

Good to Great, by Jim Collins and *The Tipping Point*, by Malcolm Gladwell

I have just finished reading two books, *Good to Great*, which looks at the top performing companies and why they got there, as well as *The Tipping Point*, which is about social epidemics and trends. I recommend both books to Chinese entrepreneurs as they both highlight the need to put the right person with the right personality and motivation in crucial roles, not always the person with the relevant experience or skills.

Nicole Paulson Washko, general manager of Pricoa Relocation (Shanghai) Co Ltd

Photo by Hao Yi

Once Upon a Time in China

It's a French book, which is named *Once Upon a Time in China*. It is a summary of 5,000 years of Chinese history.

Jean-Louis Thouret, China chief representative, VINCI Construction Grands Projects

(By Huang Daohen)

BEIJING TODAY Editors: Hou Mingxin Gan Tian Designer: Zhao Yan

500

Every success story has its own theme – a motto – that its hero can fall back on to persevere in the face of any hindrance. The following are the secrets of CEOs from Fortune 500 companies.

Behind the success stories: mottos and advice

Mottos

Learn something new every day.

Anders Broström, president of Akzo Nobel (Asia) Ltd.

Photo by Wu Bing

When there is a will, there is a way.

Alain F Berger, president of ALSTOM (China) Ltd

Photo by Tian Yufeng

Nothing is more difficult than making it easy.

Jean-Louis Thouret, China chief representative, VINCI Construction Grands Projets

Photo by Hao Yi

Anything is possible!

Nicole Paulson Washko, general manager of Pricoa Relocation (Shanghai) Co Ltd

Photo provided by PR

Be proactive.

Kenneth Y Wong, CEO of CSC China

Photo provided by CSC

Advice

Enterprise is a human endeavor. We believe that a key point to a company's success is how it cultivates internationally applicable talents.

Noboru Yamada, president of Denso (China) Investment Co Ltd

Photo by Tian Yufeng

A global leader cannot become a leader in China without making special efforts.

Derek Sharp, managing director, EDS (China)

Photo provided by EDS

Employers want to choose proper talent while talent also looks for a good employer with great development potential. The right choice will benefit both the company and the employee. We have been making sustainable efforts to recruit, retain and train our talent.

Wilson Chung, vice president of FedEx China

Photo by Wang Xiaoxi

Competition is competition. We cannot avoid. We respect the competition because we think it is a good stimulus.

Yves Chapot, Michelin China chairman

Photo by Tian Yufeng

China is a touchstone because Chinese consumers are more willing to accept new concepts and new products.

Hajime Kaneko, president of NEC China

Photo by Tian Yufeng

The "first" means that you have to be pioneer. There was no other experience from which we could learn about the market. China is a large market for investment, and if you come as the first one, there is a lot of space left. But on the other hand, Chinese culture is totally different from the west, thus the investment here will be different from those in France or America.

Marcel Schneider, chief executive officer of TUI China

Photo by Tian Yufeng

As leader, what you have to do is simple: make decisions to make sure that your company will adapt quickly to the fastest changes.

Alain F. Berger, president of ALSTOM (China) Ltd.

(By Huang Daohen, Jiang Xubo, Wei Ying, Zhang Nan, Qiu Jiaoning, Han Manman, Chen Shasha)

Fortune Global 500 in China

From September 2006 to February 2007, *Beijing Today* interviewed 35 senior managers from 35 multinational companies on the 2006 Fortune Global 500 list with businesses in China. The interviews cover over 20 industries including automobiles, banking, insurance, food, mail, trading, construction, chemical, infrastructure and IT consulting. The following is the detailed information of the 35 companies.

Rank	Company	Industry	Name of China Branch	Operation	Interviewee	Title
9	Ford	Motor Vehicles and Parts	Ford Motor Company China	China Headquarters	Mei Wei Cheng	Chairman and CEO
17	Volkswagen	Motor Vehicles and Parts	Volkswagen Group China	China Headquarters	Winfried Vahland	President and CEO
24	NTT	Telecommunication	NTT China Office	China Office	Shusuke Masaki	Chief Representative
25	Carrefour	Retailer	Carrefour China	China Headquarters	Jean-Luc Chereau	President
31	Honda	Automobile	Honda China	China Headquarters	Atsuyoshi Hyogo	Chairman, President & COO
38	Hitachi	Electronics, Electrical Equipment	Hitachi (China) Limited	China Headquarters	Minoru Tsukada	President
47	Panasonic	Electronics, Electrical Equipment	Panasonic Corporation of China	China Investment Company	Tetsu Kimoto	President
55	METRO	Food & Drug Stores	METRO Jinjiang Cash & Carry Company	China Headquarters	Jean-Luc Tuzes	President
60	Peugeot	Automobile	Peugeot China	China Headquarters	Jean-Yves Dossal	Director General
65	Sony	Electronics, Electrical Equipment	Sony (China) Limited	China Headquarters	Seiichi Kawasaki	President
100	Renault	Motor Vehicles	Renault CBU Department	Asia-Pacific Headquarters	Patrick Debrot	President of Asia Pacific
109	McDonald's	Food Services	McDonald's China Company	China Headquarters	Jeffrey Schwartz	CEO
112	MetLife	Insurance: Life, Health	Sino-US MetLife Insurance Co Ltd	China Headquarters	Robin Chi	President
128	NEC Corporation	Computers, Office Equipment	NEC (China) Co Ltd	China Headquarters	Hajime Kaneko	President
155	Mitsui Trading	Trading	Mitsui & Co (China) Trading Ltd	China Investment Company	Mitsuo Tanaka	Director President
182	Prudential Financial	Industry,Insurance, Life and Health, Relocation	Pricoa Relocation (Shanghai) Co Ltd	China Headquarters	Nicole Paulson Washko	General Manager
197	FedEx	Mail, Package, Freight Delivery	FedEx Experss China	China Headquarters	Wilson Chung	Vice President
207	Denso	Motor Vehicles and Parts	Denso (China) Investment Co Ltd	China Investment Company	Noboru Yamada	President
223	VINCI	Engineering, Construction	Vinci Construction Consulting (Beijing)	Beijing Representative Office	Jean Louis Thouret	China Chief Representative
242	Sharp	Electronics, Electrical Equipment	Sharp Electronics Sales (China) Company	China Headquarters	Noboyuki Sugano	Corporate Director
243	Mitsubishi Heavy Industry	Industrial and Farm Equipment	Mitsubishi Heavy Industries Ltd	Representative Office	Nobuyasu Matsudaira	General Representative
245	Bridgestone	Motor Vehicles and Parts	Bridgestone (China) Investment Co Ltd	China Headquarters	Yuji Takeuchi	Chairman and CEO
261	TUI	Miscellaneous	TUI China Travel Co Ltd	China Headquarters	Marcel Schneider	CEO
277	China Construction Bank	Banks: Commercial and Savings	China Construction Bank	China Headquarters	Zhang Jianguo	President
287	Bertelsmann	Entertainment	Direct Group Bertelsmann China	China Headquarters	Bryan D Ellis	President
316	Electronic Data Systems	IT service	EDS China	Beijing Office	Derek Sharp	Managing Director
325	Lafarge	Building Materials, Glass	Lafarge Beijing Representative	China Headquarters	Dung Van Anh	Chief Representative
335	Michelin	Motor Vehicles and Parts	Michelin (China) Investment Co Ltd	China Headquarters	Yves Chapot	Chairman
371	Electrolux	Electronics, Electrical Equipment	Electrolux (China) Home Appliances Co Ltd	China Headquarters	Chialing Hsueh	CEO
372	Emerson	Electronics, Electrical Equipment	Emerson Electric Asia-Pacific	Asia-Pasific Headquarters	Peter Yam	President of Emerson Greater China
393	Alstom	Power Generation and Infrastructure	Alstom (China) Ltd	China Headquarters	Alain Berger	President
418	Akzo Nobel	Chemicals	Akzo Nobel (Asia) Ltd	China Headquarters	Anders Brostrom	President
465	CSC	IT Consulting, Outsourcing	CSC China	China Headquarters	Kenneth Y Wong	CEO
486	China State Construction	Construction	China State Construction Engineer Corporation	Headquarters	Sun Wenjie	General Manager
498	The State Bank of India	Banking	State Bank of India	Shanghai Branch	T C A Ranganathan	CEO

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